

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 02-3186, FOR THE PURPOSE OF AMENDING THE METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP) TO INCLUDE STATE BOND FUNDS; TO PROGRAM PE FUNDS FOR US 26 WIDENING; AND APPROVAL OF A CONFORMITY DETERMINATION FOR THESE ACTIONS AND THOSE OF ORDINANCE 02-945, WHICH AMENDS THE REGIONAL TRANSPORTATION PLAN (RTP).

Date: May 7, 2002

Prepared by: Terry Whisler
Planning Department

This resolution amends the MTIP to program about \$100 million of state bond funds that derive from the 2001 Oregon Transportation Investment Act (OTIA) to 17 projects. It permits \$359,000 of reserve Surface Transportation Program (STP) funds to be used for design of a project to widen U.S. 26 to three lanes in each direction between the Murray Boulevard and SW 185th Avenue interchanges. Finally, it approves a Conformity Determination prepared by Metro which shows that these actions, and related RTP amendments effected by Ordinance 02-945, will conform with the State Implementation Plan for maintenance of the region's air quality.

BACKGROUND

Jackson School Road Interchange. The 2001 Legislature approved the OTIA bond program to address road, bridge and freeway capacity expansion and preservation needs throughout the state. The Oregon Department of Transportation (ODOT) - Region 1 received about \$105 million of these funds, which were assigned to specific projects by the Oregon Transportation Commission on February 13, 2002 (see Exhibit A of the Resolution). One of these projects is the U.S. 26/Jackson School Road interchange. The interchange is actually located outside Metro's boundary but lies within the Portland air quality maintenance area (AQMA). Under agreements between Metro, ODOT and Oregon Department of Environmental Quality (DEQ), Metro is responsible for documenting that the newly authorized interchange will not adversely effect the region's air quality.

The 2000 RTP financially constrained system was shown to be consistent with air quality plans in a Conformity Determination approved by the U.S. Department of Transportation in January 2001. However, the RTP does not authorize a full interchange at Jackson School Road. Ordinance 02-945 is amending the RTP to include the project. This Resolution is amending the MTIP to program design and construction dollars for the project. This Resolution also approves a new Conformity Determination (see Exhibit B of the Resolution) showing that construction of the new interchange "conforms" with the State Implementation Plan's (SIP) provisions for assuring that automotive emissions will not cause deterioration of the region's air quality.

U.S. 26 Widening. In the summer of 2001, Washington County stated its intention to begin design of a project to widen U.S. 26 to three lanes in each direction between the Murray Boulevard and SW 185th Avenue interchanges. During the Priorities 2002 Update last fall, Metro assigned \$359,000 of regional STP funds to a reserve account intended to help pay for a portion of the design work. However, as with the Jackson School Road interchange, the widening project is not included in the conforming financially constrained system of the 2000 RTP. Design work cannot begin until the RTP is amended to include the project. This is accomplished by Ordinance 02-945. This Resolution amends the MTIP to assign the reserve dollars to preliminary engineering for the widening project and also approves the Conformity Determination that shows that both the RTP and the MTIP, as amended, will continue to conform with the SIP.

Miscellaneous Conformity Issues. During preparation of the Conformity Determination, Metro requested that local jurisdictions declare any modifications they may have approved to the timing, scope or concept of projects included in the 2000 RTP financially constrained system after its adoption. Approximately eight changes were declared to Metro and these are described in Ordinance 02-945. These changes were incorporated into Metro's regional model and are reflected in the quantitative portion of the Conformity Determination performed by Metro that calculates future anticipated regional automotive emissions. Two of the most obviously significant changes include:

- **East End Connector (82nd Avenue @ Columbia Boulevard):** delay of assumed operation from the 2005 to the 2010 analysis year;
- **I-84 to 242 Avenue Connector:** delay of assumed operation from the 2010 to the 2020 analysis year.

Sunrise Corridor. The status of the Sunrise Corridor arose during interagency consultation. During the 2002 MTIP Update, Metro allocated \$2.0 million of planning money for refinement of corridor land use and transportation issues. Metro staff suggested that it would be appropriate to clarify distinctions in the RTP between projects approved for construction in the corridor and policies that address future planning and project concepts appropriate to the corridor.

Seventy three million dollars is reserved in the 2000 RTP financial analysis to improve the I-205/224 interchange and to provide a new four-lane connection to Hwy 212 at 122nd Avenue for truck volumes otherwise destined for the overburdened I-205/Hwy 212 Interchange. Elements of this project were reflected in a broader \$180 million first phase concept of the Sunrise Highway (RTP #5003).

The RTP Preferred System endorses a broad set of improvements to the Sunrise Corridor, costing over \$520 million and which encompass construction of a new four-lane highway from I-205 all the way to U.S. 26 in rural Clackamas County. The cost of such improvements goes beyond the region's reasonably anticipated revenues for the next 20-years. Additionally, significant land use issues concerning urbanization of the Damascus area is anticipated and should be addressed in conjunction with an overall Sunrise Corridor project.

In light of confusion between the RTP's presentation of immediate financially constrained project authority and its treatment of longer-term, unconstrained policies concerning the Sunrise Corridor, Metro staff made two revisions to the financially constrained system. First, a distinct "Hwy. 224 Extension" project from I-205 to the Highway 212/122nd Avenue interchange was identified as project #5021 of the financially constrained system, costing \$73 million. Second, a "Sunrise Corridor ~~TR~~ EIS: I-205 to U.S. 26" project was added as RTP #5024 for approximately \$2.0 million. Project #5003 is retained in the Preferred system of the RTP.

The EIS project (#5024) includes \$1.0 million of the funds allocated by Metro in the 2002 MTIP and anticipated ODOT and/or Clackamas County contributions toward the study. ODOT requested inclusion of the project in the system list to assure that the very broad termini of the study go beyond the concept of projects specifically endorsed by the RTP. Simultaneous with the EIS, Metro, in cooperation with Clackamas County, anticipates using the second \$1.0 million, approximately, to conduct Damascus-area land use analyses to help inform the EIS ~~TR~~ alternatives analysis. Damascus area planning would occur only if significant land were brought into the UGB as a result of Metro's periodic review of the UGB.

ANALYSIS/INFORMATION

1. **Known Opposition.** There is no known opposition to approval of these programming actions. As described above, Clackamas County has expressed concern with language regarding Sunrise Corridor..
2. **Legal Antecedents.** These actions are mandated by state and federal transportation and air quality regulations, including the Clean Air Act of 1991 and OAR Chapter 340, Division 252, Section 0010 et. seq.
3. **Anticipated Effects.** This resolution does three things. First, it approves amendment of the MTIP to schedule about \$100 million of state bond funds allocated by the Oregon Transportation Commission (OTC) to 17 projects in and around the Portland urban area. The funds derive from the 2001 Oregon Transportation Investment Act (OTIA). Second, it amends the MTIP to allocate \$359,000 of reserve STP funds for design of a project to widen U.S. 26 to three lanes in each direction between the Murray Boulevard and SW 185th Avenue interchanges. Finally, it approves a Conformity Determination prepared by Metro which shows that these actions, and related RTP amendments effected by Ordinance 02-945, will conform with the State Implementation Plan for maintenance of the region's air quality.
4. **Budget Impacts.** There would be on effects on Metro's budget from adoption of this Resolution.

RECOMMENDED ACTION

The Council approve Resolution 02-3186.

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M E M O R A N D U M

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METRO

June 12, 2002

TO: JPACT

FROM: Andy Cotugno, Planning Director

SUBJECT: *Status of Sunrise Corridor in MTIP and RTP*

Ordinance No. 02-945 and Resolution No. 02-3186 are companion actions that: 1) amend the "financially constrained" network of the Regional Transportation Plan (RTP); 2) amend the Metropolitan Transportation Improvement Program (MTIP); and 3) acknowledges air quality conformity for both documents, as amended. The actions are primarily to ensure federal planning and air quality consistency for the projects adopted by the OTC as part of the first phase of the Oregon Transportation Investment Act (OTIA).

In addition, when conducting air quality conformity, changes to scope, timing, and phasing of individual projects listed in the RTP financially constrained system are updated. As a result, a number of changes were made to the Sunrise Corridor that are intended to better match the project modeled for air quality conformity with the project listed in the RTP financially constrained network. Following is a brief background on the status of the Sunrise Corridor in the RTP, why it was amended, and the implications of the proposed amendments.

When adopted in August 2000, the Sunrise Corridor was listed in the financially constrained RTP as a \$180 million Phase I project from I-205 to the Rock Creek Junction (just beyond 152nd). In the air quality conformity network, it was listed as a \$73 million Unit 1 of Phase 1 project that terminated at 122nd. This discrepancy is not allowed under federal planning guidelines, as the emissions estimate for the project only includes the project to 122nd. Upon review of the financially constrained system and the RTP revenue forecasts, the region does not now have available, nor did it have available in August 2000, an additional \$107 million to make up the difference in the two projects. As such, the full Phase I Sunrise Project to Rock Creek was mistakenly included in the 2000 RTP financially constrained system.

The change included in Ordinance 02-945 ensures that the Sunrise Corridor is aligned for both financial constraint and air quality conformity under federal guidelines. In addition, language has been added to the RTP that calls for a Tier 1 EIS to determine a project and future right-of-way necessary to extend the Sunrise to US 26 (at Heidi's junction). That work would be done in conjunction with area and land use planning in

Damascus if and when that area is brought into the UGB. Also, Exhibit B to Ordinance 02-945 (page 2 of 3) adds language noting that issues related to scope, timing, and phasing of all aspects of the Sunrise Corridor are still under discussion and, therefore, the financially constrained RTP project and air quality can be amended in the future as a result of those discussions.

Clackamas County has indicated a desire to retain a Sunrise Corridor project with a Rock Creek terminus in the RTP financially constrained system and to ensure conformity either to Rock Creek or to 135th. To retain the Rock Creek terminus would require finding an additional \$107 million of revenue within the financially constrained RTP revenues. All such revenues have been assigned to projects. Also, conducting a new conformity analysis for a Sunrise project extending to 135th would have the effect of delaying the current conformity action two to three months. That in turn would similarly delay PE and construction work on key OTIA projects.

Conclusion

The actions included in Ordinance 02-945 and Resolution 02-3186 do not preclude current project scoping and upcoming DEIS activity on a Sunrise project to 135th or beyond to proceed. That work was supported last year through the JPACT/Metro Council action to allocate regional flexible funds through the MTIP. In addition, the new RTP language recognizes that the scope, timing, and phasing of the project will be under study and that necessary RTP project modifications will be made when necessary.

Finally, the intent of the ordinance and resolution is to ensure progress on the OTIA projects. The Sunrise Corridor modifications, as well as the other project modifications are considered technical amendments and do not reflect a JPACT or Metro Council policy action for the Sunrise Corridor.

Cc Cam Gilmour, Clackamas County



WASHINGTON COUNTY

OREGON

June 13, 2002

TO: JPACT

FROM: Commissioner Roy Rogers
Washington County

SUBJECT: Request to amend JPACT Resolution 02-3186A

Page 2 of Resolution 02-3186A contains some wording that we believe is not consistent with the intent of staff of either agency. Therefore, we request that Resolves 3 and 4 be amended as follows.

BE IT RESOLVED that the Metro Council:

3. Declares that use of STP funds for the design of the US 26: Murray to 185th widening project is contingent on the Murray to Cornell portion of the project receiving at least 1/2 its previously committed construction funding from Washington County sources, and the remainder from newly allocated OTIA funds.
4. Declares that use of STP funds for right of way acquisition or construction for the US 26: Murray to 185th project is not authorized at this time.

Washington County remains committed to the Highway 26 widening projects, but our commitment to fund a portion (\$1.65 million) of the construction related to the Cornell to Murray portion only at this time. We are undertaking an environmental reconnaissance of the remaining portion to 185th. We also do not believe that the absolute prohibition of use of STP funds for construction at any point in the future is in the best interests of the region.

We respectfully request that JPACT accept these changes.

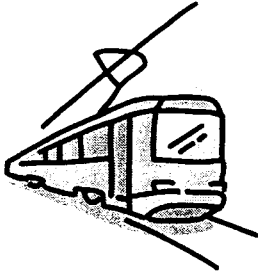
Cc: Board of County Commissioners

Final Draft Recommendations at a Glance

Portland / Vancouver

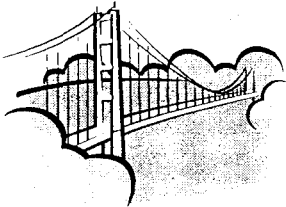
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Transportation and Trade Partnership



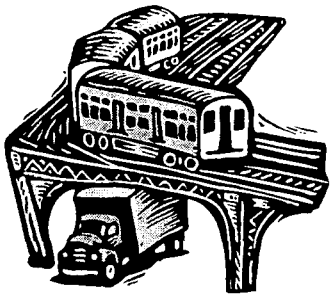
Transit:

- A phased light rail loop in Clark County in the vicinity of the I-5, SR500/4th Plain and I-205 Corridors.
- Peak-hour, premium express bus service in the I-5 and I-205 Corridors to markets not well served by light rail.
- Increased transit service in the Corridor over the next 20 years called for in regional transportation plans.



Interstate 5:

- The I-5 freeway between the Fremont Bridge in Portland and the I-205 interchange in Vancouver will be a maximum of 3 through lanes in each direction. This includes widening I-5 to 3 lanes between: a) Delta Park and Lombard and b) 99th St. to I-205 in Vancouver.
- Designate one of the 3 through lanes for use as a high occupancy vehicle (HOV) lane during the peak period, in the peak direction.
- Add a new supplemental or replacement bridge across the Columbia River with up to 2 additional lanes in each direction for vehicles, and 2 light rail tracks
- Improve interchanges between SR 500 and Columbia Blvd to address safety and capacity problems --, including making Columbia Blvd into a full interchange.
- In adding river crossing capacity and making interchange improvements every effort should be made to: 1) avoid displacements and encroachments, 2) minimize the highway footprint and 3) minimize the use of the freeway for local trips.



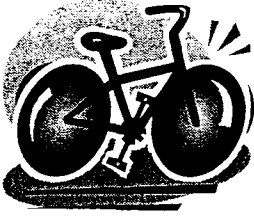
Additional Rail Capacity:

- Pursue the rail infrastructure improvements required to accommodate anticipated 20 year freight rail growth in the I-5 Corridor and frequent, efficient intercity passenger rail service.
- Establish a public/private Bi-State rail forum to advise regional decision makers about prioritizing, scheduling and funding of needed rail improvements.
- The rail forum and regional decision-makers should encourage funding for:
 - Additional inter-city passenger rail service in the Pacific Northwest High Speed Rail Corridor
 - High Speed Rail service in the Corridor; and
 - The replacement of the existing "swing span" with a "lift span" located closer to the center of the river channel

Land Use:

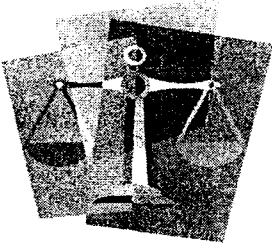
- Adoption and implementation of a Bi-State Coordination Accord to protect existing and new capacity and support economic development.
- Jurisdictions in the Corridor will develop and agree on a plan to manage land development to avoid adversely impacting I-5 or the Region's growth management plans.





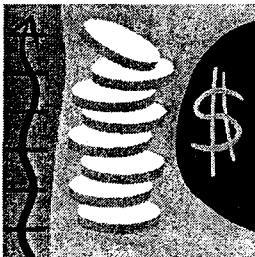
Transportation Demand and System Management:

- Commit to a comprehensive use of TDM/TSM strategies -- alternative modes, work-based strategies, policies and regulatory strategies, pricing and TSM strategies -- and pursue additional funding for transit and TDM/TSM strategies.
- Prepare an "I-5 TDM/TSM Corridor Plan" with guidance from the proposed "Bi-State Coordination Committee"
- Fund and implement additional TDM/TSM strategies now to encourage more efficient use of the transportation system.



Environmental Justice

- Map low-income and minority communities in the corridor
- Take list of potential impacts identified by environmental justice stakeholders into EIS for the Bridge and Bridge Influence Area as a starting point for more analysis.
- Work with affected communities to explore ways to offset impacts and/or bring benefits to the community.
- Develop a public outreach plan for EIS process that includes special outreach to low-income and minority communities.
- Form and coordinate two working groups for the EIS -- one for public involvement and one for environmental justice.



Finance

- OR, WA and the Portland/Vancouver region should develop a financing plan for transit and highway capital projects
- Tri-Met and C-Tran need to increase revenues for a significant expansion of transit service, starting within the next five years.
- Tri-Met and C-Tran efforts to increase transit operating revenue should be coordinated with the new Bi-State Coordinating Committee.
- The Bi-State Coordinating Committee should establish regional transit financing commitments that will allow for:
 - an aggressive bi-state TDM program and
 - an expansion of transit service to support the light rail loop.
- Seek funding to widen I-5 to 3 lanes: Delta Park to Lombard after environmental and design work is completed.



Next Steps/Implementation

- Fall 2002: Amend Regional Transportation Plans to incorporate recommended corridor improvements
- Widen I-5 to 3 lanes: Delta Park to Lombard
 - Summer 2002-2004: Conduct environmental assessment and design work
 - Post 2004 Construction
- 2003 – 2009: Environmental Impact Study on Bridge Influence Area (new supplemental or replacement bridge, interchange improvements between SR 500 and Columbia Blvd., including light rail between Expo Center and downtown Vancouver)
- 2010+: Construct improvements in Bridge Influence Area.

DRAFT

June 11, 2002

Chair Steven Corey and Members of the
Oregon Transportation Commission
355 Capitol St. NE, Room 101
Salem, OR 97301-3871

Dear Chair Corey:

We are writing this on behalf of and with the support of the Metro Council and Joint Policy Advisory Committee on Transportation (JPACT). Thank you for the opportunity to comment on funding priorities through the second phase of the Oregon Transportation Investment Act (OTIA – II). Although policy direction has been discussed at the last two Oregon Transportation Commission (OTC) meetings, we understand the OTC is seeking feedback on the Oregon Department of Transportation (ODOT) staff recommendation at your June and July meetings.

To reiterate our comments submitted to the OTC in April, it would be our preference to complete the funding using OTIA-II funds for the Sunnyside Road: 122nd to 142nd and Boeckman Road: Boones Ferry Road to Tooze Road projects rather than leave these projects partially funded. It is our assertion that the funding agreement reached on these projects that lead to the final OTIA-I funding decision included two key parts:

1. Clackamas County, Wilsonville, Metro (through a future MTIP) and ODOT (through a future STIP) each committed \$1.956 million which together with OTIA I funds and previously committed local funds would fully fund these projects; and
2. We agreed to seek other funds to avoid or reduce these additional funding commitments. Further, we agreed that if any funding amount were obtained by any party, all four parties would equally share in the savings. At the time, we anticipated seeking a federal discretionary appropriation earmark and there was also an early indication that favorable interest rates may allow for a higher level of bonding against the OTIA – I revenue sources.

Based upon the discussion of the OTC at your April and May meetings, it is our understanding that there is a preference not to “backfill” these two projects from OTIA-II. In addition, through further conversations with ODOT staff, it has come to our attention that the option to “backfill” may be moot since the Attorney General’s office has interpreted HB 4010 as only allowing the OTC to fund projects that were considered but not funded through OTIA-I. This interpretation

of HB 4010 has been made despite specific legislative intent on the House floor indicating that the language should not preclude projects that were partially funded through OTIA-I.

Be that as it may, we are interested in gaining ODOT's support to do what it can to allow these projects to be implemented on time. In the absence of funding from OTIA-II, we seek your support of the following:

1. Acknowledge that the funding agreement adopted by Metro and JPACT and accepted by ODOT calls for us to pursue other funds to avoid or reduce the \$1.956 million funding commitment from each of the four parties – ODOT STIP, Metro MTIP, Clackamas County and the City of Wilsonville.
2. Assist us in pursuing other funding sources to fulfill this intent including:
 - a) Support for a federal discretionary appropriations earmark in FY 03.
 - b) Support for an earmark in the FY 04-09 reauthorization of TEA-21.
 - c) Support for funding from any funding package that may be considered by the 2003 Oregon legislature; in particular, ensure language such as that reflected in HB 4010 doesn't preclude this funding.
- 3) Assist Clackamas County and the City of Wilsonville with accelerating the timing of future MTIP and STIP commitments through:
 - a) Borrowing funds from the State Infrastructure Bank;
 - b) Early obligation of federal funds consistent with the project schedule; and
 - c) Use of federal authorization for "Advanced Construction" to accelerate project implementation.

In conclusion, both the Sunnyside Road and Boeckman Road projects are significant to policy direction established by the State of Oregon. The Boeckman project will leverage a high-density, mixed-use development at the Dammasch Hospital site currently owned by the state. This critical road segment allows for an immediate and more efficient use of that land and will also compliment the Wilsonville to Beaverton Commuter Rail project. Sunnyside Road provides access to an area where, following state statute and state Goal 14, Metro has and likely will extend urban growth. Sunnyside Road is critical to serving that growth and for fostering a complete community in both Pleasant Valley and Damascus that balances both housing and jobs.

We look forward to your future support and assistance in the matter.

Sincerely,

Rod Monroe
JPACT Chair

Carl Hosticka
Metro Presiding Officer

Region	Applicant	ACT	County	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 1										
1	City of Hillsboro	JPACT	Washington		New	US 28/NW Cornelius Pass Rd Interchange Improvements.	Realign interchange ramp. Intel providing leverage funds of \$500,000.	\$4,700,000	\$1,800,000	\$2,900,000
1	City of Portland	JPACT	Multnomah		New	SE 162nd Ave and Foster Rd Improvements	Intersection and signal	\$4,575,000	\$3,075,000	\$1,500,000
1	Washington County	JPACT	Washington		New	Hwy 26; Murray Blvd - Corneli Rd	Widen highway	\$6,370,634	\$1,650,000	4,720,634
1	City of Gresham	JPACT	Multnomah		New	Powell Blvd, 174th to Burnside	Bike, pedestrian, transit improvements	\$11,250,000	\$8,000,000	5,250,000
1	City of Molalla		Clackamas		New	State Hwy. 211 & State Hwy. 213 Intersection Improvements	Improve intersection	\$1,227,170	\$75,000	1,152,170
1	Clackamas County		Clackamas		New Phase	Sunnyside 142nd to 152nd	Widen local street; purchase right of way. OTIA I funded Phase 2 with \$8,443,375; and local funds provided an additional \$13,256,625	\$8,000,000	\$8,100,000	1,900,000
REGION 1 TOTALS MOD								\$36,122,804	\$18,700,000	\$17,422,804

County	Applicant	ACT	Rank	Highway	Transfer Jurisdiction	Project Name	Description	P/E	R/W	Construction	Estimated Project Cost	Leverage / Local Funds Provided	OTIA Funding Awarded
1	Multnomah County & City of Gresham	JPACT	#6	US 30 Bypass	<input checked="" type="checkbox"/>	Sandy Blvd (East of 162nd to 207th)	Widen roadway to provide 6-ft shoulders in three sections. Add guardrail at selected locations. Install traffic signal at 207th. Overlay pavement in needed segments	\$ 98,500	\$ 65,800	\$ 1,181,700	\$ 1,346,000		\$ 1,346,000
1	City of Forest Grove	JPACT	#7	ORE 8	<input checked="" type="checkbox"/>	Forest Grove Highway 8 Rehabilitation Project	Overlay pavement on Hwy 8 to prepare roadway for transfer to the city of Forest Grove.	\$ 273,000		\$ 2,252,422	\$ 2,525,422	50,000	\$ 2,475,422
Total Region 1 Pres										\$ 3,434,122	\$ 3,871,422	\$ 50,000	\$ 3,821,422

Region	City/County	Project Name	State Bridge Bond Score	Total Project Cost w/inflation	Leverage/Local Funding Provided	Bond \$ Needed	Total OTIA Funding Dollars	Notes
1	Multnomah County	Broadway Bridge Rehabilitation, Phase 7	Big Bridge NA	\$ 2,411,947		\$ 2,411,947	\$ 2,411,947	Supplements \$7 M in OTIA I for ongoing rehabilitation. Phase 7 (repainting above deck) will be combined with Phases 4, 5, and 6. Multnomah County contributing \$2M for combined phases.
1	Washington County	Tualatin River Overflow (Rood Bridge Road)	51.9	\$ 5,120,954	\$ 393,000	\$ 4,727,954	\$ 7,139,901	OTIA will fund only portion of project; County will provide balance.
1	City - St. Helens	Milton Way Bridge	51.8	\$ 624,340		\$ 624,340	\$ 7,764,241	No project matching funds have been committed at the current time
Total Region 1 Bridge				\$ 8,157,241	\$ 393,000	\$ 7,764,241		



Oregon

John A. Kitzhaber, M.D., Governor

**Department of Transportation
Oregon Transportation Investment Act
(OTIA)**

355 Capitol Street NE, Room 102
Salem, OR 97301-3871
503/ 986-3858
FAX 503/986-3446

DATE: May 30, 2002

TO: Area Commissions on Transportation
Partners, Stakeholders, and Interested Parties

FROM: Tom Lulay
Deputy Director
Oregon Transportation Investment Act

SUBJECT: 2002 Oregon Transportation Investment Act (OTIA II)
Modernization Projects

The Oregon Transportation Commission has invited comments on modernization projects under consideration for funding with money made available by HB 4010. HB 4010 was passed by the Oregon Legislature at its first February 2002 special session. The bill made an additional \$100 million available for projects that were considered for funding under OTIA, but not selected.

Specific to the modernization projects in ODOT Region 2, the Commission asked for comments concerning whether to take Option 1 (a single large project) or Option 2 (a list of 10 smaller scale projects). More generally, the Commission wants your thoughts on the merits of moving large scale projects forward at a time when resources dictate that a very few such projects can move forward.

The Commission will take comments in writing prior to its next meetings in La Grande on June 20, 2002 and in Salem on July 24, 2002. Written comments received before June 7 and July 12 will be mailed to the Commission in advance of the respective meeting. Those received after those dates will be delivered to the Commission on the day of the meeting.

OTIA II will appear on the agenda of the Commission's public meeting in La Grande on June 20, 2002. The Commission will take public comments then as well.

The Commission plans to take final action and select modernization, pavement preservation and bridge projects for funding with the OTIA II money at its July 24, 2002 meeting in Salem.

This agenda item will appear on the June 20, 2002 agenda for consideration and final approval. In the meantime, ODOT staff will seek input from regional advisory groups and other stakeholders on this recommendation.

ODOT prepared the material below as the staff recommendation on Modernization projects. Staff also prepared recommendation for pavement preservation and bridge projects. These recommendations are available separately. The recommendation for OTIA II funding were presented to the Commission at its May 14, 2002 meeting.

This information is being provided for your review.

Background:

Staff presented two scenarios (Scenarios 1A & 1B) for consideration of modernization projects at the April 11, 2002 Commission meeting. The scenarios assumed that \$50 million, or half of the additional \$100 million of bond proceeds authorized by HB 4010, would finance modernization projects.

The Commission expressed a preference for projects where the OTIA money could leverage other funds. The Commission also preferred projects that had been considered, but not funded, in the initial round of OTIA.

Modernization Projects List

Attachment A is the list of recommended modernization projects and project summaries. Note that there are two alternate possibilities for Region 2 modernization projects.

To recap the 2001 OTIA process, modernization projects were submitted in three categories for funding under the Oregon Transportation Investment Act:

- Highways that need increased lane capacity (142 proposals)
- Interchanges on multi-lane highways (9 proposals)
- Local bridges at new locations that add capacity to the local road or street network (4 proposals)

The Area Commissions on Transportation (ACT) and/or the regional advisory groups reviewed the project proposals, screened them for eligibility using the criteria for modernization projects approved by the Oregon Transportation Commission, and ranked them for funding.

For the 2002 OTIA process, the \$50 million available for modernization was allocated among ODOT regions as follows:

- Region 1 ~ 35 percent, \$17.5 million
- Region 2 ~ 34 percent, \$17.0 million
- Region 3 ~ 14 percent, \$7.0 million

- Region 4 ~ 10 percent, \$5.0 million
- Region 5 ~ 7 percent, \$3.5 million

As required for the 2001 OTIA process, the allocation followed the methodology used to allocate modernization funds in the Statewide Transportation Investment Program. The percentages are based on an average of six factors (population, vehicle registration, vehicle miles of travel, ton miles of travel, highway fund revenue, and needs identified in the 1999 Oregon Highway Plan).

Recommendation:

The Department recommends that the Commission select the modernization projects listed in Attachment A for funding using a portion of the \$100 million of additional bonding authority made available by the 2002 Act. Staff requests Commission direction on the modernization option for Region 2.

These projects were submitted for funding under the 2001 Oregon Transportation Investment Act. They were considered by the Oregon Transportation Commission during the 2001 OTIA process.

The projects recommended are eligible for funding under the criteria adopted by the Commission for modernization projects:

- Projects for highways that need lane capacity, whether prepared by ODOT staff or local government, meet the criteria adopted by the Commission on August 9 and September 20, 2001.
- Projects for interchanges on multi-lane highways, whether prepared by ODOT staff or local government, meet the criteria adopted by the Commission on August 9 and September 20, 2001.
- Projects are consistent with applicable acknowledged comprehensive plans or adopted transportation system plans.
- Projects are consistent with the major improvements policy (Policy 1G) of the 1999 Oregon Highway Plan.
- Project proposals indicate a state of readiness sufficient to allow the projects to be delivered within the timeframes set by the Commission for the Oregon Transportation Investment Act.

Each project summary contains findings of fact and conclusions of law that demonstrate how the project meets the project eligibility criteria and factors that were considered by the ACTs when ACTs prioritized projects.

Attachment

Enclosure

Copies (w/enclosure) to:

John Rosenberger
Tom Lulay
Cathy Nelson
Mike Marsh
Judy Banegas
Mark Hirota
Patrick Cooney
Don Aman
Doug Tindall
Mathew Garrett
Allison Hamilton-Burton
Region Managers
Joan Plank
Victor Dodier
Dave Tyler

OREGON TRANSPORTATION INVESTMENT ACT II
Listing of Recommended Modernization Projects (Lane Capacity and Interchanges)

Applicant	ACT	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 1								
City of Hillsboro	JPACT	US 26	New	US 26/NW Cornelius Pass Rd Interchange Improvements.	Realign interchange ramp. Intel providing leverage funds of \$500,000.	8 \$4,700,000	\$1,800,000	\$2,900,000
City of Portland	JPACT	Foster Rd (local)	New	SE 162nd Ave and Foster Rd Improvements	Intersection and signal	29 \$4,575,000	\$3,075,000	\$1,500,000
Washington County	JPACT	US 26	New	Hwy 26: Murray Blvd - Cornell Rd	Widen highway	1 \$6,370,634	\$1,650,000	4,720,634
City of Gresham	JPACT	US 26	New	Powell Blvd, 174th to Burnside	Bike, pedestrian, transit improvements	6 \$11,250,000	\$6,000,000	5,250,000
City of Molalla		OR 211 / 213	New	State Hwy. 211 & State Hwy. 213 Intersection Improvements	Improve intersection	25 \$1,227,170	\$75,000	1,152,170
Clackamas County	JPACT	Sunnyside Rd (local)	New Phase	Sunnyside 142nd to 152nd	Widen local street; purchase right of way. OTIA I funded Phase 2 with \$8,443,375; and local funds provided an additional \$13,256,625	12 \$8,000,000	\$6,100,000	1,900,000
REGION 1 TOTAL*						\$36,122,804	\$18,700,000	\$17,422,804
<i>*Region 1 project costs will likely increase due to refinement of estimates prior to June 20 Commission Meeting.</i>								

OREGON TRANSPORTATION INVESTMENT ACT II
Listing of Recommended Modernization Projects (Lane Capacity and Interchanges)

Applicant	ACT	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 2 - Option 1								
ODOT	Lane	I-5	New Phase	Beltline Interchange Improvements	Combine OTIA I funds to provide new ramp for I-5 NB connecting to WB and EB Beltline traffic (includes flyover structure); new ramp for I-5 SB connecting to WB Beltline, includes auxiliary lane to Beltline /Coburg Rd Interchange; new I-5 NB onramp and separated collector distributor road for I-5 SB; bike/ped facilities. OTIA I funded Phase 1 with \$18,000,000.	\$22,000,000	\$5,000,000	\$17,000,000
REGION 2 TOTALS						\$22,000,000	\$0	\$17,000,000
OR								
Region 2 - Option 2								
City of Seaside	NWACT	US101	New Phase	Pacific Way - Dooley Bridge (Seaside) Phase 4	OTIA 2001 funded previous phases with \$12,102,000.	\$ 3,800,000		\$ 3,800,000
Tillamook County	NWACT	US101	New	US 101 at Long Prairie Road	Construct turn lanes and wider shoulders.	\$ 870,000		\$ 870,000
City of Dallas	MWVACT	OR 223	New	OR 223 at Kings Valley Highway (North Dallas Intersection)	Realign and widen intersection	\$ 1,700,000	\$ 200,000	\$ 1,500,000
Clackamas and Marion Counties	MWVACT	Arndt Road/OR-99E	New	Arndt Road Improvements, Marion and Clackamas County Partnership (Hwy 51 to Hwy 99E)	Signalize and widen Arndt Rd/Airport Rd intersection; add signal, SB dual left-turn lanes and WB right-turn lane at Hwy 51 intersection; signal interconnection; widen Arndt Rd.	\$ 5,487,294	\$ 2,226,294	\$ 3,261,000
Lebanon	CWACT	US 20	New	US 20: Reeves Parkway - UPRR (Lebanon)	Construct urban section, including left turn lane at Reeves Parkway; includes curbs, gutters, sidewalks, shoulders and storm drainage improvements.	\$ 1,932,545		\$ 1,932,545
City of Tangent	CWACT	OR 99E	New	N Lake Creek Drive to Tangent Drive (MP 8.57 - MP 8.70)	Three-lane section, raised median island, crosswalk.	\$ 505,000		\$ 505,000
Corvallis	CWACT	OR 99E	New	Elks Drive - Railroad Overpass (Corvallis)	Provide additional NB and SB travel lanes; signalize crosswalks at all intersections.	\$ 1,130,000	\$ 200,000	\$ 930,000
Newport	CWACT	US 101 at NE 52nd St	New	Oregon Coast Highway at NE 52nd Street	Install traffic signal	\$ 364,000		\$364,000

OREGON TRANSPORTATION INVESTMENT ACT II
Listing of Recommended Modernization Projects (Lane Capacity and Interchanges)

Applicant	ACT	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 2 - Option 2 (continued)								
ODOT Area 5	Lane	OR 126	New	Badger Mt/Cougar Pass Passing Lanes	Extend existing EB and WB passing lanes	\$ 2,000,000		\$ 2,000,000
City of Sweet Home	CWACT	ORE 228	New	Sweet Home (west city limit) - Santiam Highway	Widen highway to 2-lane urban section; includes curbs, gutters, sidewalks, storm drainage improvements, bikepaths, and preservation overlay	\$ 705,000		\$ 705,000
REGION 2 TOTALS**						\$18,493,839	\$2,626,294	\$15,867,545
<i>**Region 2 project costs will likely increase due to refinement of estimates prior to June 20 Commission Meeting.</i>								

OREGON TRANSPORTATION INVESTMENT ACT II
Listing of Recommended Modernization Projects (Lane Capacity and Interchanges)

Applicant	ACT	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 3								
SWACT	Douglas		New	Glenhart to Lookingglass Road (Winston)	Constructs 3-lane roadway from Lower Lookingglass Creek to Glenhart Avenue; adds sidewalks on south side from Snow to Glenhart and eliminates ditches; improves sidewalk on North side; examines accesses to be consolidated or closed to improve safety.	\$3,500,000		3,500,000
SWACT	Curry	US 101	New	13th Street to Seabird Drive (Bandon)	Constructs 4-lane roadway from 13th Street to Seabird Drive; adds sidewalk; examines accesses to be consolidated or closed to improve safety	\$3,500,000		3,500,000
REGION 3 TOTALS						\$7,000,000	\$0	\$7,000,000

OREGON TRANSPORTATION INVESTMENT ACT II
Listing of Recommended Modernization Projects (Lane Capacity and Interchanges)

Applicant	ACT	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 4								
ODOT	COACT	U.S. 20	New Phase	10th Street - Providence (Phase 2)	Widen to Four Lanes; include Access Management Plan and Bike/Ped Facilities. OTIA I funded Phase I with \$3,500,000; the City funded an additional \$1,400,000.	\$2,700,000		2,700,000
ODOT	COACT	OR 126	New Phase	OR126 - Highland/Glacier Couplet (Phase 2)	Add 2 lanes; includes Access Management Plan and Bike/Ped Facilities. OTIA I funded Phase I with \$3,500,000; the City funded an additional \$1,300,000.	\$1,537,229		1,537,229
ODOT	SCOACT	OR 39	New	Klamath Falls-Malin Hwy 50 @ South Klamath Falls Hwy 424	Signal and Access Improvements to Hwy 424	\$762,771		762,771
REGION 4 TOTALS						\$5,000,000	\$0	\$5,000,000

OREGON TRANSPORTATION INVESTMENT ACT II
Listing of Recommended Modernization Projects (Lane Capacity and Interchanges)

Applicant	ACT	Highway	Project Status	Project Name	Project Description	Total Project Cost Estimate	Leverage / Local Funding Provided	OTIA Funding Awarded
Region 5								
Cities of La Grande and Island City, Union County:		McAlister Road, Cove Avenue, 26th Street, and Buchanan Lane (Local)	New Phase	Oregon Highway 82 Alternative Route Modernization Project (Phase 2)	Modernize the local street system connecting with Oregon Highway 82 so that 26th Street, 27th Street, Cove/Buchanan and McAlister Road become an alternate travel route to the state highway. [New phase brings project up to appropriate standards.] OTIA I funded Phase I with \$3,000,000; Cities of La Grande and Island City, and Union County funded an additional \$947,995.	\$2,000,000	\$1,000,000	1,000,000
City of Boardman	BMACT	Main Street (Local)	New	City of Boardman Main Street Rail Overcrossing Replacement	Replace structure.	\$1,272,500	\$472,500	800,000
Oregon Department of Transportation		OR-207	New	Elm Avenue @ Diagonal Road	Reconfigure existing intersection. Remaining \$828,300 would original from Region 5 2004-07 STIP allocations.	\$1,700,000		1,700,000
REGION 5 TOTALS						\$4,972,500	\$1,472,500	\$3,500,000



Oregon

John A. Kitzhaber, M.D., Governor

Department of Transportation
Oregon Transportation Investment Act
(OTIA)

355 Capitol Street NE, Room 102
Salem, OR 97301-3871
503/ 986-3858
FAX 503/986-3446

DATE: May 30, 2002

TO: Area Commissions on Transportation
Partners, Stakeholders, and Interested Parties

FROM: Thomas Lulay
Deputy Director
Oregon Transportation Investment Act

SUBJECT: 2002 Oregon Transportation Investment Act (OTIA II)
Pavement Preservation Projects

The Oregon Transportation Commission has invited comments on pavement preservation projects under consideration for funding with money made available by HB 4010. HB 4010 was passed by the Oregon Legislature at its first February 2002 special session. The bill made an additional \$100 million available for projects that were considered for funding under OTIA, but not selected.

The Commission will take comments in writing prior to its next meetings in La Grande on June 20, 2002 and in Salem on July 24, 2002. Written comments received before June 7 and July 12 will be mailed to the Commission in advance of the respective meeting. Those received after those dates will be delivered to the Commission on the day of the meeting.

OTIA II will appear on the agenda of the Commission's public meeting in La Grande on June 20, 2002. The Commission will take public comments then as well.

The Commission plans to take final action and select pavement preservation, bridge, and modernization projects for funding with the OTIA II money at its July 24, 2002 meeting in Salem.

This agenda item will appear on the June 20, 2002 agenda for consideration and final approval. In the meantime, ODOT staff will seek input from regional advisory groups and other stakeholders on this recommendation.

ODOT prepared the material below as the staff recommendation on pavement preservation projects. Staff also prepared recommendation for modernization and bridge projects. These recommendations are available separately. The recommendations for OTIA II funding were presented to the Commission at its May 14, 2002 meeting.

This information is being provided for your review.

Background:

Staff presented a draft project list that included 5 pavement preservation projects at the May 14, 2002 Commission meeting.

While the Commission expressed a preference for bridge projects, the Commission indicated that it would consider preservation projects that included a transfer of jurisdiction and/or local match for funding for the 2002 OTIA program.

The department's draft list for pavement preservation includes pavement preservation projects that are conditioned on a transfer of jurisdiction.

Pavement Preservation Project List

Attachment A is the list of recommended pavement preservation projects and project summaries.

To recap the OTIA process, pavement preservation projects were submitted in two categories:

- District highways that are in need of preservation
- Load limited highways

The Area Commissions on Transportation (ACT) and/or the regional advisory groups reviewed the project proposals, screened them for eligibility using the criteria for preservation projects approved by the Oregon Transportation Commission, and ranked them for funding using prioritization factors adopted by the Commission.

Recommendation:

The department recommends that the Commission select the pavement preservation projects listed in Attachment A for funding using a portion of the \$100 million of additional bonding authority made available under the Oregon Transportation Investment Act by HB 4010.

These projects were submitted for funding under the 2001 Oregon Transportation Investment Act. They were considered by the Oregon Transportation Commission

during the 2001 OTIA process. Each of the recommended preservation projects includes a transfer of jurisdiction as a condition of project approval.

The projects recommended are eligible for funding under the criteria adopted by the Commission for pavement preservation projects:

- Projects for district highways, whether prepared by ODOT staff or local government, are located on state highways that meet the definition of a "district highway" adopted as a temporary rule by the Commission on September 20, 2001 and as a permanent rule on December 10, 2001.
- Projects for load limited highways are located on county roads or city streets that have a weight restriction.
- Projects are consistent with applicable acknowledged comprehensive plans or adopted transportation system plans.
- Project proposals indicate a state of readiness sufficient to allow the projects to be delivered within the timeframes set by the Commission for the Oregon Transportation Investment Act.

The project list and summaries contain more information about these projects. Each project summary contains findings of fact and conclusions of law that demonstrate how the project meets the project eligibility criteria and factors that were considered by the ACTs when ACTs prioritized projects.

Attachment



Oregon

John A. Kitzhaber, M.D., Governor

**Department of Transportation
Oregon Transportation Investment Act
(OTIA)**

355 Capitol Street NE, Room 102

Salem, OR 97301-3871

503/ 986-3858

FAX 503/986-3446

DATE: May 30, 2002

TO: Area Commissions on Transportation
Partners, Stakeholders, and Interested Parties

FROM: Thomas Lulay
Deputy Director
Oregon Transportation Investment Act

SUBJECT: 2002 Oregon Transportation Investment Act (OTIA II)
State and Local Bridge Projects

The Oregon Transportation Commission has invited comments on bridge projects under consideration for funding with money made available by HB 4010. HB 4010 was passed by the Oregon Legislature at its first February 2002 special session. The bill made an additional \$100 million available for projects that were considered for funding under OTIA, but not selected.

The Commission will take comments in writing prior to its next meetings in La Grande on June 20, 2002 and in Salem on July 24, 2002. Written comments received before June 7 and July 12 will be mailed to the Commission in advance of the respective meeting. Those received after those dates will be delivered to the Commission on the day of the meeting.

OTIA II will appear on the agenda of the Commission's public meeting in La Grande on June 20, 2002. The Commission will take public comments then as well.

The Commission plans to take final action and select bridge, modernization, and pavement preservation projects for funding with the OTIA II money at its July 24, 2002 meeting in Salem.

This agenda item will appear on the June 20, 2002 agenda for consideration and final approval. In the meantime, ODOT staff will seek input from regional advisory groups and other stakeholders on this recommendation.

ODOT prepared the material below as the staff recommendation on Bridge projects. Staff also prepared recommendation for modernization and pavement preservation projects. These recommendations are available separately. The recommendations for OTIA II funding were presented to the Commission at its May 14, 2002 meeting.

This information is being provided for your review.

Background:

Staff presented a draft list of 6 state bridge projects and 9 local bridge projects at the May 14, 2002 Commission meeting.

While the Commission expressed a preference for bridge projects, the Commission indicated that it would consider preservation projects that included a transfer of jurisdiction and/or local match for funding for the 2002 OTIA program.

Each project has a map showing the bridge's location. The summary information provides more information about the project and how it was evaluated according to the criteria. The list of state bridges shows the scores assigned by the State Bridge Committee.

State and Local Bridge Project List

Attachment A is the list of recommended state and local bridge projects and project summaries.

To recap the 2001 OTIA process, bridge replacement and rehabilitation projects are in two categories:

- State bridges
- Local bridges

As required by the 2001 OTIA, both the state bridge list and the local bridge list use the bridge "sufficiency rating", which is based on biennial visual inspections of key bridge components, as a basis for prioritization. Other factors are applied in combination with the sufficiency rating to develop an overall prioritization, which is reviewed by oversight committees for the state and local bridge programs. The specific factors applied are discussed in more detail below.

Local Bridge Prioritization

Local bridge "candidates" were identified using the national bridge inventory database. 114 proposals for local bridge projects were submitted for funding through the 2001 OTIA project solicitation process. The Highway Bridge Replacement and Rehabilitation (HBRR) Committee screened proposals to verify that the bridges were on county roads or city streets and that they could reasonably be expected to be delivered within the timeframes set for OTIA by the Commission.

The Commission approved 38 local bridge projects that had been prioritized by the HBRR Committee for funding under the 2001 OTIA at its meeting on January 16, 2002.

This included funding for a portion of Multnomah County's request for funding of the seventh phase of the Broadway Bridge rehabilitation project.

The projects that were considered, but not selected for funding in January 2002, are eligible for funding using a portion of the \$100 million in additional bond proceeds authorized by HB 4010 (2002 Act). This includes the unfunded portion of the Broadway Bridge rehabilitation project. The Broadway Bridge project was the only proposal submitted for the "large bridge" category (over 30,000 square feet of deck area). All other local bridges are in the "small bridge" category (30,000 or less square feet of deck area).

Consistent with current practice, the HBRR oversight committee allocated a specific amount (\$9,428,519) available for local bridges to the "small bridge" category. Because it is the only bridge in the "large bridge" category, \$2,411,947 was allocated to the Broadway Bridge rehabilitation project.

The HBRR Committee prioritized proposals in the small bridge category using the ranking system traditionally used to rank local bridges for HBRR funding, modified only to include the availability of local funding as a weighting factor (as indicated in the OTIA). The ranking system consists of the sufficiency rating, the length of detour required should the bridge be out of service, the bridge geometry, the Annual Average Daily Traffic (AADT), and the project cost. The summary for each project contains information that demonstrates how the project is eligible for OTIA funding and how it was ranked by the HBRR committee in the section "Findings of Fact and Conclusions of Law."

State Bridge Prioritization

The State Bridge Committee prioritized 126 candidate state bridges using information contained in the national bridge inventory database in the 2001 OTIA program. The Commission approved 12 state bridges for funding under the 2001 OTIA at its meeting on January 16, 2002.

The State Bridge Committee reviewed the remaining bridges in light of the draft strategies being developed by the Bridge Strategy Task Force to address the problem of Oregon's aging and cracked concrete bridges.

The department's recommendation for 2002 OTIA begins a transition to a corridor approach recommended by the Bridge Strategy Task Force. The State Bridge Committee re-prioritized the remaining bridges using a combination of the "corridor" approach and the "worse first" approach. While the corridor approach is preferred, the amount available for state bridges (\$32,013,111, 73 percent of the \$43,853,578 available for bridge) is not sufficient to free any one corridor from risk of load restrictions. Further, the list of bridges considered by the Commission for funding under the 2001 OTIA does not include all the bridges that are currently identified as being at risk.

Recommendation:

The Department recommends selection of the state and local bridge projects listed in Attachment A for funding using a portion of the \$100 million of additional bonding authority made available by the 2002 Act.

The projects recommended are eligible for funding under the criteria adopted by the Commission for bridge projects:

- Proposals request funding for state-owned bridges and bridges owned by counties and cities.
- Proposals indicate a state of readiness sufficient to allow the projects to be delivered within the timeframes set by the Commission for the Oregon Transportation Investment Act.

These projects were submitted for funding under the 2001 Oregon Transportation Investment Act. They were considered by the Oregon Transportation Commission during the 2001 OTIA process.

Attachment

COMMODITY FLOW PRESENTATION

By
Paul Bingham

Background

Paul Bingham, a principal with the consulting firm of DRI-WEFA will present the results of the region's commodity flow forecast. Paul was the consulting team project manager for this project. The forecast is a cooperative, bi-state project sponsored by Metro, the Port of Vancouver, the Regional Transportation Council in Clark County, the Oregon Department of Transportation, and the Port of Portland, who managed the project on behalf of the region.

The project establishes a baseline of commodity volumes by mode moving to, from, and through the region in 1997 and then forecasts these volumes out to 2010, 2020, and 2030. This is the third such forecast the region has undertaken and updates the most recent work completed in 1999. In addition to providing a better understanding of freight movement in the region, Metro will use this new data to update the region's truck travel forecasting model. The model's output is used by JPACT and others for freight planning and funding allocation purposes. Similarly, ODOT will include the data in the freight portion of its statewide transportation and land use model.

A second set of forecasts from this project are for waterborne cargo volumes on the lower Columbia River from the Portland and Vancouver harbors to the Pacific Ocean. While no individual port forecasts were made, this information will be of use to all the ports in the study area.

Conclusions

National economic outlook (1 or 2 slides)

National commodity flow context

- Trends and forecast for the nation
- What's happening in the west (volumes doubling in 30 years)
- How Portland fits in the national picture

Portland-Vancouver region

- Factors influencing forecast
 - Economic outlook
 - Trade partner trends
- Commodity forecast
 - Doubling by 2030
 - Modal breakouts
 - Truck
 - Rail
 - Air
 - Water (ocean and barge)
 - Portland-Vancouver
 - Lower Columbia River (focusing on containers and grain)
 - With deepening?
 - Without deepening?
 - Implications for freight movement (mode shifts, leakage)
 - Through movements

- Commodity breakouts
 - Largest
 - Tons
 - Value
 - Highlights (things of notable interest about size or growth of commodities)

Implications

- Unconstrained forecast: what could cause growth to be greater or less than projected
 - Supply: decrease in production or new firms/industries moving in
 - Transportation system/service: gain or loss of service; congestion or efficient capacity use
- Questions region should ask itself
 - Does the region have adequate capacity to meet increasing demands efficiently?
 - All modes are rely on roads and highways. How are the region's industrial areas linked to the regional transportation facilities and how will these links function in the future?
 - What new industries is the region trying to attract, what freight will the generate or depend upon, what modes will they use, how will the transportation system and services accommodate them?
 - How will the region account for new cargoes attracted to the region or re-routing of existing cargoes within the region due to new transportation services or improved frequencies of service?

Forecast Summary Commodity Flow Forecast Update and Lower Columbia River Cargo Forecast

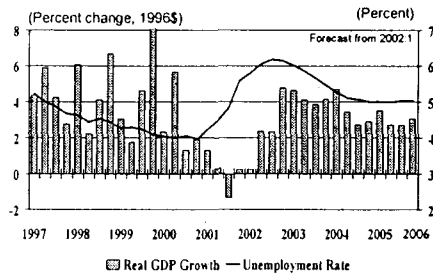
Prepared for:
Metro, Oregon Department of Transportation
Port of Portland, Port of Vancouver
Regional Transportation Council

June 2002

By:
Paul Bingham
DRI-WEFA, Inc.
in association with
BST Associates and CambridgeSystematics, Inc.

DRI-WEFA/C/S/BST

After Recession, the U.S. Economy Will be in Recovery during 2002-2003

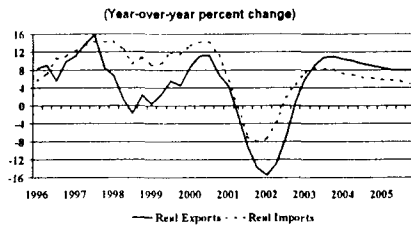


Long-term Projections for the U.S. Economy

- Population growth will slow from 1% to 0.8% annually, slowing civilian labor force growth.
- Manufacturing employment will continue to decline as a share of total employment, while service sectors will generate an increasing share of job growth.
- Potential GDP growth will slow relative to historical rates due to slower growth in the labor force, while productivity growth will remain steady.
- Growth in the trade deficit will slow due to a decline in the value of the dollar and a reduction in U.S. real unit labor costs relative to the rest of the industrialized world.

DRI-WEFA/C/S/BST

Real U.S. Exports and Imports Reflect the Business Cycle and Exchange Rates



DRI-WEFA/C/S/BST

National Commodity Flow Context

- Globalization will continue via trade links, increasing the importance of freight transport.
- Supply-chain optimization to lower costs reduces average shipment size and increases demands for reliable delivery times, favoring faster modes.
- Demand for bulk goods such as food, energy and construction materials continue to grow but sources shift in line with relative production costs.
- Result is doubling of national tonnage volume within 30 years; international share increases slightly.
- The West grows faster than rest of U.S. Portland growth not quite as fast as Western average, yet faster than country as a whole.

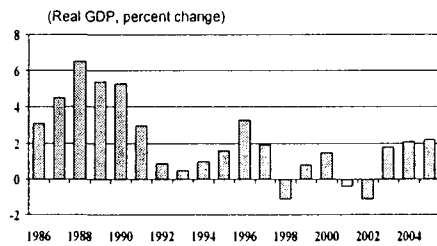
DRI-WEFA/C/S/BST

Factors Affecting Portland/Vancouver Commodity Shipping

- Portland/Vancouver's unique position on the West Coast, that of an export dominated port, will continue to shape the outlook for international cargo in the region.
- Greater share of domestic production going to domestic consumption reduces available export capacity.
- The region's traditional ties to North Asia, especially Japan, has reduced potential trade growth as those economies have lost out to China in share of trans-Pacific trade.
- Increasing cost pressures on top asset owning transportation carriers has meant greater pressure to achieve economies of scale and efficiency of operations. Larger containerhips and air cargo hub concentration are but two of the consequences.

DRI-WEFA/C/S/BST

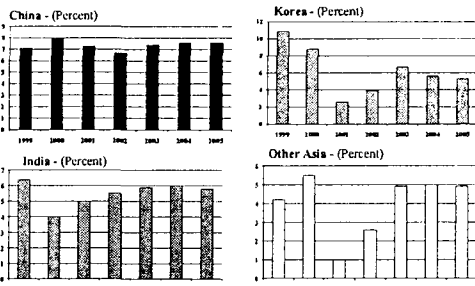
Japan's Economy Continues to Struggle



Japan's export manufacturing peak is long past and will not return after economic restructuring.

ORI-WEFA/C S/BS T

Stronger Real GDP Growth in China, India, Korea and Other Asia



ORI-WEFA/C S/BS T

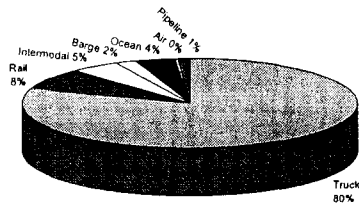
Long-term Projections for Portland/Vancouver

- Portland/Vancouver economy will see the beginning of a recovery in 2002, though transportation equipment and semiconductor manufacturing will remain weak.
- The area's population growth will average 1.3% over the forecast, contributing to slow civilian labor force growth.
- With recovery from the recession, employment growth will resume, averaging 0.6% in 2003–2010, with few sectors ever reaching 1.0% growth, followed by an average of 0.5% growth over the 2010–2030 period. This is consistent with the growth in population and net migration for the area.
- Real output in the metropolitan area is expected to range within 2.7% to 3.0% over the 2010–2030 period.

ORI-WEFA/C S/BS T

Modal Share of Portland/Vancouver Region Tonnage Growth

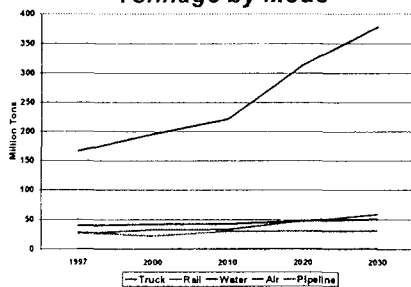
(Percent Share of Growth in Tonnage by 2030)



Truck tonnage dominates growth in freight with the largest base and fastest growth. Rail (carload) + Intermodal (rail) is second.

DRI-WEFA/C/S/BST

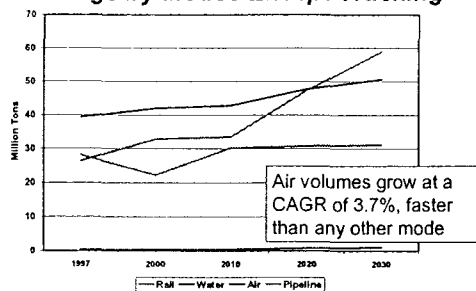
Forecast Portland/Vancouver Region Tonnage by Mode



All modes see increased tonnage by 2030.

DRI-WEFA/C/S/BST

Forecast Portland/Vancouver Region Tonnage by Modes Except Trucking

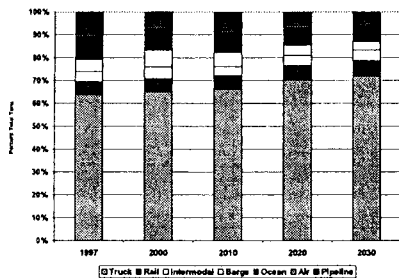


Air volumes grow at a CAGR of 3.7%, faster than any other mode

Air, Rail fastest growth; Pipeline slowest growth.

DRI-WEFA/C/S/BST

Modal Share of Portland/Vancouver Region Tonnage Growth

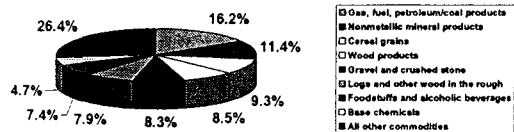


Truck, Rail and Intermodal gain share by 2030.

DRU-WEFA/C.S./B&T

Commodity Share of Portland/Vancouver Region Tonnage

(Percent Share of Total Tonnage In 1997)



Eight commodity categories comprise 74% of all tonnage shipped in the region on all modes.

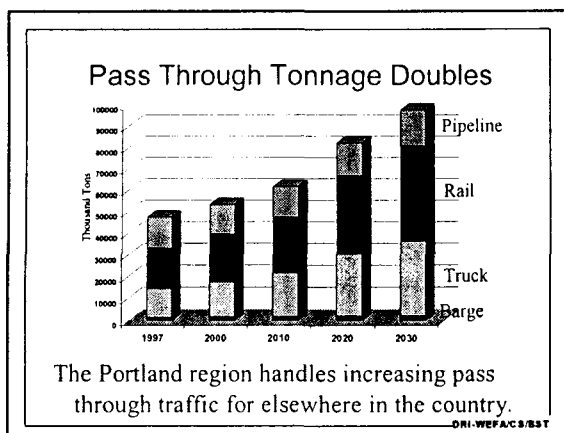
DRU-WEFA/C.S./B&T

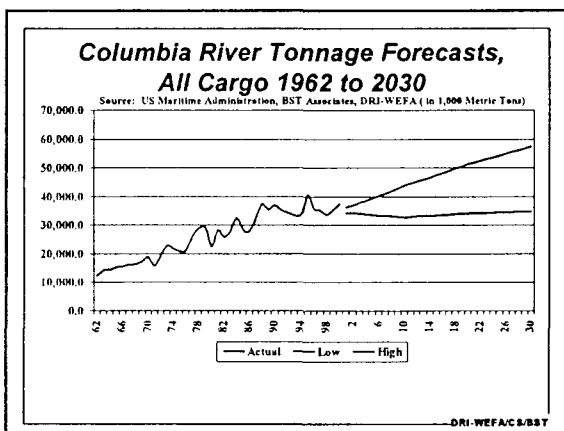
Top Tonnage Growth Commodities Portland/Vancouver Region 2000-2030

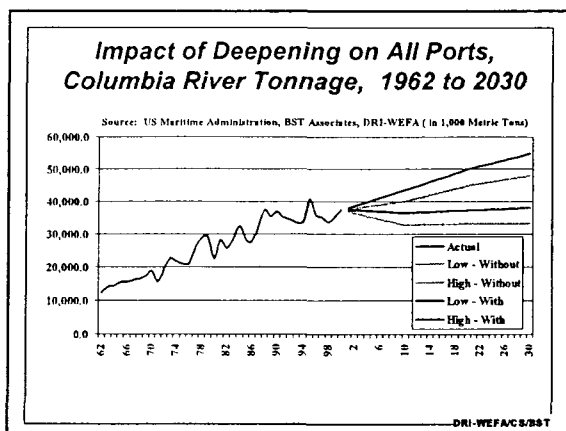
Commodity Category Description	CAGR, (%) 2000-2030
Machinery	3.7%
Meat, fish, seafood, and preparations	3.5%
Milled grain products and preparations and bakery products	3.3%
Foodstuffs and alcoholic beverages	3.3%
Mail and Express Traffic	3.3%
Electronic and other electrical equipment and components, and office equipment	3.3%
Precision instruments and apparatus	3.1%
Printed products	2.9%
Nonmetallic mineral products	2.7%
Miscellaneous manufactured products	2.7%

High value manufactures and foods grow fastest.

DRU-WEFA/C.S./B&T







Several Risks to the Forecasts

- Another big terrorist attack
- An oil crisis triggered by an attack on Iraq or an escalation of the Middle East conflict
- War in South Asia – India & Pakistan
- “Enronitis” spreads further
- Financial crisis in Japan and a much weaker yen
- Contagion from Argentina
- A double-dip recession?

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Questions the Region Should Address:

Does the region have adequate capacity to meet increasing demands efficiently?

All modes rely on roadways. How are the region's industrial areas linked to the regional transportation facilities? How will these links function in the future?

What new industries is the region trying to attract? What freight will they generate or depend upon? What modes will they use?

How will the transportation system and services be positioned to meet future economic requirements?

How will the region handle new cargo attracted to the region or re-routing of existing cargo within the region due to new transportation services or improved frequencies of service?

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**Regional Discussion Draft
Reauthorization of the
Transportation Equity Act for the 21st Century
(TEA-21)
Portland, Oregon
May 30, 2002**

1) Major Funding & Policy Issues

a) Transportation Funding.

i) Setting the Baseline for TEA-21 Reauthorization.

The Transportation Equity Act for the 21st Century (TEA-21) authorized the Revenue Aligned Budget Authority (RABA) to create a more direct linkage between the revenues coming into the highway Trust Fund and the revenues being appropriated to highway and transit construction. Over the first four years of TEA-21, RABA generated significant increases in federal transportation funding. However, the Administration has proposed a significant cut in RABA funding for FY 2003. Unless funding is restored, the baseline spending level for the reauthorization of TEA-21, and the overall level of funding for the five-year authorization period, could be significantly reduced.

Background: The Administration has proposed a RABA formula allocation in its fiscal 2003 budget to Congress that represented an \$8.6 billion or 27 percent cut from FY 2002 levels. Congress has indicated that it will likely restore a portion of these highway funds, enough to bring FY 2003 highway spending up to the TEA-21 authorized level of \$27.7 billion but well short of the \$31.8 billion FY 2002 level. Restoration is important not only for FY03 programs but because the FY03 funding level could establish the baseline for the TEA-21 reauthorization spending levels.

Oregon receives, on average, 1.2 percent of federal aid highway allocations so the impact on the state of setting the reauthorization baseline at the RABA level versus the authorized level is approximately an additional 14 % or approximately \$50 million per year in additional funds. Over the course of the six-year authorization the difference would amount to more than \$300 million in additional funds if the higher authorization level is achieved.

If the Administration's FY03 budget proposal were to become the new authorization baseline, Oregon could stand to lose approximately \$100 million per year over the FY02 RABA levels or \$600 million over the life of the new authorization.

Policy Proposal: Support restoration of the highway program spending cuts proposed by the Administration. The "baseline" spending levels in the new TEA-21 should not be influenced by the lower levels proposed in the Administration's FY 03 budget.

Restoring the baseline to the TEA-21 authorized level would increase spending by \$4 billion in the first year of the new bill. Restoring funding to the FY02 spending level would increase spending by \$8 billion in the first year of the new bill.

ii) Increase Overall Funding Levels: Additional funding is the most critical issue for the reauthorization of TEA-21.

Background: The overall level of funding for the highway trust fund largely determines the level of funds available for all federally funded transportation programs including highways, bridges, light rail, bus, bike, pedestrian and planning.

TEA-21 Improvements. Federal highway and transit funding increased dramatically under TEA-21. Guaranteed highway funding levels increased 42 percent over the Intermodal Surface Transportation Efficiency Act (ISTEA) levels to \$27 billion. Transit guaranteed levels increased 31 percent. Congress also RABA for the highway program, linking highway spending to trust fund receipts. RABA in particular has generated significantly higher highway funding levels at the national level than would have been available under a fixed authorization formula.

Revenue Aligned Budget Authority. Despite increased funding in TEA-21, needs have continued to outstrip resources because of the aging of the system, increased growth and congestion, growing interest in rail new start projects around the country and the additional cost of responding to new requirements such as the endangered species act. And, although RABA has generated significant additional resources for the highway formula program, recently the appropriations process has varied from the original formula allocation of RABA funds with a few key states receiving earmarks of the full RABA amount. In addition, the interest on the Trust Fund was diverted to the general fund in TEA-21, reducing the available funds significantly.

Inflation. The federal gas tax is a fixed \$18.3 cents per gallon. Because it is not indexed to inflation, each year the federal Highway Trust Fund loses purchasing power in real terms. The national inflation rate for heavy highway construction has averaged (%%) per year over the life of TEA-21.

Ethanol Tax Credit. The federal government supports the ethanol industry with a 5.3 cents per gallon tax credit for "gasohol" which consists of 90 percent gasoline and 10 percent ethanol. With the federal tax incentive, companies that blend ethanol pay a 13 cents per gallon federal excise tax, compared with the standard 18.3 cents per gallon tax on motor fuels.

Additionally, 2.5 cents per gallon of the excise tax on ethanol-blended fuels is diverted to the Treasury's general fund. The highway trust fund receives only 10.5 cents per gallon for each gallon of ethanol-blended gasoline, 7.8 cents less than gasoline. Between fiscal 2000 and 2010 approximately \$15.3 billion will be lost to the highway trust fund due to the ethanol tax credit and diversion to the general fund.

The American Association of State Highway and Transportation Officials (AASHTO) has set a goal of increasing the federal highway program from \$34 billion in fiscal year 2004 to \$41 billion in fiscal year 2009 - an increase of 34 percent. The goal for transit is to see an increase from \$7.5 billion to \$10 billion over six years.

Policy Proposal: Additional funding is necessary to meet the federal and local objectives of the transportation program. There are a number of approaches that could be taken to increase funding. They include:

- (a) Spend the accumulated balances in the Trust Fund. Even though TEA-21 largely eliminated the accumulation of trust fund balances, there are currently \$_____ in unspent reserves.
- (b) Return RABA generated funds to the state formula allocation. Eliminating earmarking would have resulted in an additional \$1 billion in formula highway funds in FY 02 distributed to the states by formula.
- (c) Use general fund dollars to compensate the Trust Fund for the lower tax rate on ethanol. The ethanol tax credit costs the Trust Fund approximately \$1.5 billion per year.
- (d) Rededicate interest payments currently going to the general fund to the Highway Trust Fund. Reallocation of these funds would generate an additional \$_____ per year.
- (e) Index the federal gas tax to reflect inflation.

iii) **Oregon Highway Formula Allocation:** Oregon won a significant victory in TEA-21, changing the national formula to return more federal tax dollars to Oregon.

Background: Oregon won a major victory in TEA-21 with the passage of a highway allocation formula that boosted the state's allocation from \$0.89 returned to the state for each \$1.00 of tax paid to \$0.94 cents returned for each \$1.00 paid. The highway allocation formula is critical to the state, local governments, transit districts, and the region because it dictates the amount of funding that is available for planning, air quality improvement, bicycle and pedestrian facilities as well as highway and bridge repair and construction.

Analysis: Next to the overall level of highway trust fund revenues, the allocation formula is the most important factor in determining the amount of federal highway, STP, CMAQ and other transportation funding received by the state. A small change in the formula translates into tens of millions in additional funds allocated to the state. Allocations are based in part on Census data. In past years, the most recent Census data has not always been used, even when available. This has disadvantaged high population growth states and geographic regions.

Policy Proposal:

- (a) Support the state's efforts to secure its fair share of federal Highway Trust Fund allocations and improve its position even further in the upcoming reauthorization.
- (b) Oppose further suballocations of the trust fund. Suballocations actually reduce the flexibility of federal transportation dollars, rather than increasing flexibility as envisioned in ISTEA and TEA-21.
- (c) Congress should require use of the 2000 census wherever the law calls for population in its federal formula programs. If the 2000 census is not available, under no circumstances should data acquired before the 1990 census is used.

iv) Maintain firewalls and funding guarantees.

Background: Prior to TEA-21, Highway Trust Fund dollars were counted as part of the overall federal budget. Transportation was forced to compete against other federal programs for funding. This resulted in years of under-investment in transportation while at the same time unspent Trust Fund balances ballooned. TEA-21 restored the integrity of the Trust Fund and guarantees that all of its revenues will be spent on transportation.

TEA-21's Revenue Aligned Budget Authority (RABA) provisions have generated significant resources for the highway program. RABA funds are allocated to states based on TEA-21's highway allocation formula. Recently, however, the appropriations process has earmarked funds rather than follow the formula approach.

Analysis: Guaranteed funding for highway and transit programs has provided much needed stability of funding levels, allowing for longer range planning and investment strategies and multi-year federal commitments.

Policy Proposal:

- (a) Support maintaining firewalls that separate the Trust Fund from the unified budget.
- (b) Support continuation of guaranteed funding for highway and transit programs.
- (c) Work to sustain RABA and its formula allocation approach in the next bill, ensuring that Trust Fund balances do not accumulate.
- (d) Support the current ratio between the highway and transit accounts of the Trust Fund.

v) Additional funding for New Starts.

Background: Since the construction of the original eastside MAX light rail project, the Portland region has received more than \$1 billion in new starts funding. The

region has become a national model for using the development of light rail projects to respond to growth, congestion and regional land use and development goals.

Our success has spurred other communities to pursue light rail initiatives of their own. Currently there are 11 projects in Final Design and 39 in Preliminary Engineering. The projects will likely seek a total of \$21.1 billion in TEA-21 authority.

The national growth in proposed new starts projects has raised congressional attention and support for the program. TEA-21 increased the authorized funding available for the New Starts program from \$760 million in FY1998 to \$1.2 billion in FY2003.

Analysis: While funding has increased, the new starts program is under intense pressure to respond to a growing number of candidate projects across the country. The most optimistic assumptions for the program call for spending approximately \$10 billion over the next authorization period.

The region is currently contemplating a number of rail and bus projects, including South Corridor, Wilsonville to Beaverton Commuter Rail, and the Clark Co. Light Rail Loop that could, along with the completion of the Interstate MAX project, require as much as \$450 million of federal new start funds during the next authorization period.

Policy Proposal: Support a significant increase in federal new starts funding to respond to the national demand for new starts projects and to enable the region to pursue its anticipated fixed guideway initiatives. Any increase in funding for the transit program should concentrate on the new starts program. Increased funding could come from sources noted above. Maintain current non-federal match requirements in statute and FTA flexibility in applying match requirements.

b) Major Policy Issues

i) Maintain or expand flexible and progressive policies in ISTEA and TEA-21.

Background: ISTEA's groundbreaking achievement was increasing the flexibility of federal transportation funds with the implementation of the STP, CMAQ and Enhancements programs. In addition ISTEA allowed states and local governments greater ability to tailor their transportation programs to reflect their individual goals and needs, while contributing to the development of a national intermodal transportation system.

TEA-21 maintained the flexible transportation funding structures of TEA-21 and implemented new programs such as TCSP that allowed even greater flexibility.

Analysis: The Portland region has used the flexibility of the federal transportation funding programs authorized in TEA-21 to shape transportation solutions that work

for our cities and neighborhoods. The region has succeeded in increasing transit use at a rate faster than population or VMT growth. The result is one of the most livable communities in the country.

Policy Proposal: Urge Congress to maintain the flexible funding structure of TEA-21 and improve programs such as TCSP so they can fulfill their original mission (see TCSP section ____).

ii) Intermodal connectors and freight facilities:

Background: One of the greatest achievements of ISTEA was its emphasis on intermodalism. TEA-21 continued the ISTEA focus on intermodalism and the result has been a more flexible, efficient and integrated transportation system. In particular, ISTEA and TEA-21 allowed greater flexibility in addressing freight mobility issues, an area that had received relatively little attention in federal funding programs previously.

The NHS Intermodal Freight Connectors report sent to Congress documents the fact that NHS freight road segments are in worse condition and receive less funding than other NHS routes. Targeted investment in these "last mile" segments would reap significant economic benefits relative to the costs.

Analysis: TEA-21's focus on intermodalism was a move in the right direction. However, the region's experience over the past six years has indicated areas of potential improvement. For example, there remain a number of limitations on the kinds of freight projects that can receive federal dollars that limit the region's ability to respond to regional priorities.

Policy Proposal:

- (a) The Borders and Corridors program should be amended to focus greater resources on a few strategic freight corridors, like Interstate 5, which connect the United States, Mexico and Canada. An emphasis should be placed on projects that improve the movement of freight. The program's authorization level should be increased.
- (b) Congress should clarify the eligibility of freight rail and road projects for CMAQ funding.
- (c) Congress should encourage the creation of a Freight Advisory Group -- a mechanism for communicating with one voice to "one DOT" on freight transportation issues.
- (d) A Freight Transportation Cooperative Research Program should be created.
- (e) Congress should enhance the use of Transportation Infrastructure Financing Innovation Authority (TIFIA) (a credit enhancement program) by lowering the project dollar threshold from \$100 million, changing the debt mechanisms from taxable to tax-free, expanding eligibility for freight projects and relaxing repayment requirements; allow pooling of modal funds; expand the State

infrastructure Bank program to all states; create tax incentives for freight rail and intermodal infrastructure investment.

iii) Oppose devolution or formularizing of transit discretionary grant program.

Background: During the TEA-21 authorization debate a proposal was surfaced in Congress to eliminate the discretionary transit program that allocates funds to a select group of project based on merit (including New Starts), in favor of a formula program that allocates funds based on population.

Analysis: The region opposed devolution or formularizing of the new starts program during TEA-21 because the current discretionary grant process ensures high quality projects of a scale sufficient to address major transportation corridors. Formularizing funding would mean each state would receive only a relatively small stream of funds, making the construction of large rail projects with federal funds nearly impossible. Regions with superior projects, such as Portland, would receive no additional funding relative to region's pursuing less meritorious projects.

Policy Proposal: Continue to vigorously oppose devolution or formularization proposals.

2) New Initiatives and Concepts

A number of new initiatives are being debated and analyzed at the national level. Pending the outcome of national developments, the region has not taken a firm position on a number of these concepts. These initiatives and concepts are outlined here in order for the region to be fully informed on the national level debate on TEA-21 policy.

a) Key Transit Policy Issues

i) Balancing Additional New Starts funding.

The region recognizes that attention needs to be given to the needs of existing rail systems to add to their core system capacity. Projects that will make better use of existing infrastructure can offer a cost-effective approach to build transit ridership. This region expects to be able to benefit from such investment in future years. We believe that, consistent with the priority we place on the New Starts program, some of the growth in transit spending above current levels could be devoted to addressing "core capacity" needs.

The region's top priority is to increase funding for the New Starts program. At the same time, the region continues to support the existing balance at the federal level between New Starts, Rail Modernization and Bus Facilities programs. It will be important to monitor proposals for an added "core capacity" program to determine whether to support it.

ii) Full Funding Grant Agreements for TOD and BRT.

Background: There are a set of important regional TOD, TSM and BRT projects that are often times too small to merit a FFGA for tens of millions in federal participation and too big to be funded in one or two years of the typical one to three-million dollar federal bus discretionary earmark. Transit agencies do not have the capability to carry the financing or the risk of advancing local funds to these projects in anticipation of future federal appropriations.

Analysis: There are some BRT or TSM projects in the new start pipeline, but none have actually received an FFGA. Many TOD and TSM projects leverage additional ridership, leverage positive land use patterns around transit stations and generally add value to fixed guideway improvements. At the same time, they do not generally lend themselves to the typical measures used by the FTA in evaluating FFGAs.

Over the course of TEA-21, Congress has moved increasingly to earmarking the FTA bus and bus facilities funds. Unlike the new starts program, these earmarked projects receive no FTA evaluation or rating prior to congressional funding decisions.

Policy Proposal: To facilitate the development of these projects, which are generally cheaper options, they should be made eligible for FFGAs out of the existing bus program. The FFGAs should undergo FTA review for technical and financial feasibility and transportation benefit but the review should not be as resource demanding as the new starts program. This would have the effect of returning at least a part of the bus program to a merit-based allocation.

iii) Streamline Project Delivery.

Background: The design build project delivery method has several advantages over the traditional design-bid-build method. Design build projects bring the architect/engineer and the general contractor together into a single contract entity. The resulting partnership enhances communication between the parties and neutralizes their competing and sometimes adversarial business roles. Further, the owner is relieved of its “go-between” role for design/construction coordination matters since this risk is shifted to the design build contractor.

Design build often results in time savings for overall project delivery compared to the traditional method. Time savings are possible due to the ability of the design build team to begin early phases of construction while design is being completed for later phases.

Design build can sometimes yield significant cost savings, particularly in situations where flexibility in the finished product is possible. In such cases, collaboration between the designer and contractor can achieve the most efficient balance of design choices and construction methods.

Tri-Met Experience. Tri-Met has had several positive experiences with design build project delivery. Of particular note is the Portland Airport Light Rail Extension. That project used a single design build contractor for the entire project. The design build contractor was brought into the project very early in the project life, participating in Preliminary Engineering (PE) work prior to final contract negotiations and final design & construction. In fact, the design build contractor was also an equity partner in the project, providing capital funding in exchange for development rights in publicly owned property surrounding a portion of the alignment. By using the design build method, Tri-Met acquired an excellent system extension and experienced the remarkably low change order percentage of 1.5 percent.

Design build in TEA-21. Design build was introduced to the transit industry in the ISTEA Act of 1991. Several demonstration projects were established to explore this delivery method in actual transit practice, and the demonstrations were carried through into TEA-21. Results of the demonstration projects were published in a report to Congress in 1998.

In 2000, FTA released interim guidance on how the existing FFGA process steps should be applied to projects using the design build delivery method. Although the guidance was a beneficial step forward in integrating design build into the New Starts environment, additional changes in the FFGA process could render even greater benefits from design build. Reauthorization of TEA-21 may provide an excellent opportunity to do this.

Analysis. The FFGA process for design build outlined in the current guidance is very similar to the process for the traditional delivery method. It is structured to bring the design build contractor into the project at the time a traditional final design would begin. This sequence allows the existing legal and administrative requirements to be applied to design build. However, introduction of the design build contractor at the time of final design is too late to leverage much of the potential benefit of the design build method.

To gain the maximum benefit of design build for transit projects, it is desirable to bring the design build team into the process very early in the project life. It is beneficial for the design build team to participate in PE, prior to development of documents for NEPA approval. This early involvement allows the design build team to influence the alignment layout and station area development to optimize cost, constructibility, ridership, and joint development opportunities. Early participation in joint development opportunities is especially important in order to promote equity partnership from the design build team.

Policy Proposal: Utilizing such early involvement, a revised FFGA process could be as follows:

- (a) *Alternatives Analysis*, including selection of the Locally Preferred Alternative, would be conducted in the usual manner by the sponsor Agency and MPO.

- (b) The Agency would submit to FTA a *Request to Enter Design Development*. This would be similar to a Request to Enter PE and would contain the same information and criteria evaluation/requirements. It would differ, however, in that Design Development authority would encompass both PE and a pre-determined portion of Final Design (perhaps to the 30% level). Combined PE/partial FD recognizes the lack of hard edges between PE and FD in design build and thus eliminates the separate steps of PE/Final Design approval.
- (c) *Upon approval to enter Design Development*, the Agency would execute a two-phase contract with a design-builder. Phase 1 would be for Design Development/NEPA support and Phase 2 would encompass Design Completion/Construction. Solicitations for interested proposers could be initiated concurrently with Step 2 above. Even at this early stage, real financial competition can be generated from proposers through their commitments on:
- equity investment for property development rights
 - fee percentage on final design & construction
 - incentives for “beating the budget”
 - sharing of unused construction contingency
 - tax incentive rebate from vehicle leasing mechanisms.
- (d) *During Design Development*, the design build would assess the LPA, influence the concept where appropriate, provide support for NEPA documentation, conduct detail design on key issues/areas, and develop a cost estimate for final (production) design and construction. Meanwhile, the agency would lead the NEPA approval effort, solidify local funding (including design build equity partnership, if included) and prepare PMP, Fleet Plans, and other documents. The Agency and the design build would negotiate a firm price for the second phase (design/construction) based on the results of Phase 1 efforts.
- (e) Design Development would conclude with *submission of a request for an FFGA*. During the 120-day review process, the design build could proceed with detail design, ROW acquisition and even early construction activities under LONP authority.
- (f) Once the *FFGA is approved*, the design build contract’s Phase 2 work would be authorized, and final design/construction completed.

The alternate scenario provides for an extremely effective alliance between the Agency, designer, and builder. It recognizes that in the design build process, lines between PE and FD are blurred. PE resources are devoted to issues that harbor the greatest risks and rewards. Further, it is the builder itself who decides where the pressure points are, leading to fewer surprises, lower contingencies, and quantifiable risks. Those risks that remain can be discussed and apportioned between Agency and design build and addressed in the terms of the negotiated price.

Conclusion: The current guidance on use of design build contractors for transit construction is a good first step. In cases where there is little possibility for alignment

deviation or Joint Development, PE and Final Design can remain separated and the guidance can be followed.

The alternate process described above facilitates even greater benefit from design build by bringing the builder into the process early, thus gaining the benefit of engineering, construction and commercial knowledge before alignment decisions are fixed. The preferences revealed reflect the unique approach of the specific design build team. Further, their vested interest in the construction and operational phases ensures that their ideas are realistic and pragmatic, and endows the design build team with a fiduciary interest in making them work.

b) Environmental stewardship and streamlining.

Background: The National Environmental Policy Act (NEPA) process for large, complex projects has become increasingly lengthy and complex. Listings under the Endangered Species Act (ESA) are impacting not only large construction projects, but also routine preservation and maintenance activities. Previous efforts to streamline the environmental review of transportation projects, including those in TEA-21, have yielded some results, but significant issues remain.

Analysis: In response to Section 1309 of TEA-21, ODOT has developed and implemented a coordinated review process for highway construction projects. This improved method for state and federal permitting agencies to review highway projects is up and running in Oregon. Known as "CETAS" (Collaborative Environmental and Transportation Agreement on Streamlining), it establishes a working relationship between ODOT and ten state and federal transportation, natural and cultural resource and land use planning agencies. The CETAS partnership has defined how to streamline (in six tasks):

Implement an Environmental Management System to achieve performance based permitting:

- Employ Habitat Mitigation Programs;
- Enlarge GIS Mapping Systems of Natural and Cultural Resources;
- Additional Programmatic Biological Opinions (PBOs);
- Seamless Performance of contractors and local governments;
- Expand Partnerships.

Policy Proposal: Congress should support state-led efforts to both protect the environment and streamline the review process for transportation projects by:

- Providing increased funding to state departments of transportation and resource agencies to develop new programmatic approaches.
- Funding a pilot project for ODOT to demonstrate the benefits of implementing an Environmental Management System culminating in ISO 14001 certification.
- Providing resources for Global Information Systems (GIS) mapping of natural and cultural resources.

- Sanctioning advanced wetland and conservation banking for transportation projects.

c) Key Highway Policy Issues

i) Additional resources for the I-5 Trade Corridor.

Background: Interstate 5 (I-5) in Oregon, Washington and California is one of 12 high priority corridors identified in TEA-21. One-fourth of the nation's exports and imports pass through the I-5 corridor.

The area between the I-84 interchange in Oregon and the I-205 interchange in Washington has been identified as having significant bottlenecks that threaten the economic vitality and livability of the region.

The Governors of Oregon and Washington have appointed a 28-member Task Force to develop a bi-state strategic plan to manage and improve transportation and freight mobility in the corridor.

The strategic plan will address freeway, transit, heavy rail, and arterial street needs. The public planning process started in January 2001 and the strategic plan is expected to be complete by the fall of 2002. Partners in this effort include Oregon and Washington Departments of Transportation, Metro, Southwest Washington Regional Transportation Council, the ports of Portland and Vancouver, the cities of Portland and Vancouver, and Multnomah and Clark counties.

Work by the Task Force in the spring of 2002 will include development of recommendations on finance and implementation, bi-state land use agreements, transportation demand management, community enhancements and environmental justice, and freight and passenger rail.

Analysis: The bi-state strategic plan will address freeway, transit, heavy rail, and arterial needs. The public planning process started in January 2001 and the strategic plan is expected to be complete by the fall of 2002.

Draft Recommendations recently adopted by the Task Force call for:

- Upgrade existing bridges from 6 to 10 lanes across the Columbia River.
- A phased extension of the two existing light rail lines in Portland north to connect as a loop in Clark County
- Implementation of aggressive measures to reduce single auto trip demand, increase transit service and encourage use of alternatives to auto commuting
- Agreement to control land uses to avoid inducing more sprawl in response to a bigger freeway to simply result in a bigger traffic jam in the future.

- Three through-lanes, including Delta Park; and
- Interchange improvements between Columbia Blvd. in Portland and SR 500 in Vancouver.

The Task Force draft recommendations also call for a post-Task Force study of an arterial road west of I-5 in the vicinity of the railroad bridge.

Policy Proposal:

- (a) Supports the state's efforts to eliminate bottlenecks in the I-5 Trade Corridor, especially between Portland and Vancouver, Washington.
- (b) Support continuation of TEA-21's Borders and Corridors program at a higher funding level and with a greater focus of funding to key corridors, like the I-5 Trade Corridor, which are true national freight corridors.
- (c) Support to a least \$1 billion increase of funds for the Border and Corridor program, expand the concept to include projects that support gateways to national and international markets and focus the emphasis on freight and bi-state cooperation.

ii) Additional Railroad Resources in the I-5 Corridor

(1) Track Capacity

Background: Today the federal investment in passenger rail is a fraction of what is spent on other modes of transportation, and is limited primarily to providing Amtrak with annual operating and capital funds, the vast majority of which go to the Northeast Corridor.

In the Pacific Northwest Corridor, the states are paying the full operating cost to Amtrak. Since 1992, Oregon has spent over \$24 million for operating costs alone. The state, local governments and railroads have invested another \$25 million for track and station improvements in the corridor.

Over \$100 million of track and signal improvements is needed in Oregon's portion of the corridor, without counting the cost of upgrading the rail bridge across the Columbia River. Federal funds are also needed to purchase train equipment, which would help lower operating costs.

The joint UP/BN crossing of the Columbia River is one of the busiest and most important rail links in the region. ODOT and WSDOT, in cooperation with Amtrak, the Ports of Portland and Vancouver, and the railroads, are undertaking a track capacity analysis of the joint UP/BN line across the Columbia River. Previous analyses suggest significant capacity problems on this line segment in the near future, which could impact economic development opportunities, passenger train expansion and through freight operations.

Analysis: States should not have to shoulder these costs alone. Federal highway and transit programs provide capital funding for roads, bridges and transit improvements, and likewise federal funds are needed for passenger rail development. Congress could increase the amount of funding available for passenger rail development if legislation pending this year is enacted. Some versions, however, would create a new complicated loan program rather than a grant program.

Loan programs alone will not provide the federal investment needed for states to develop successful passenger rail corridors. The reauthorization of TEA-21 is an opportunity for Congress to establish a federal rail program that adequately supports passenger rail development.

Policy Proposal: Support federal legislation to increase capital funding for freight and passenger rail facilities. Opposes moves to dissolve Amtrak. However, in the event that Amtrak is dissolved or dramatically restructured to eliminate West Coast services, track rights should revert to the state to allow passenger service to continue.

(2) Truman Hobbs

Background: The joint UP/BN crossing of the Columbia River is one of the busiest and most important rail links on the West Coast. ODOT and WSDOT, in cooperation with Amtrak, the Ports of Portland and Vancouver, and the railroads, are undertaking a track capacity analysis of the joint UP/BN line across the Columbia River. Previous analyses indicate significant capacity problems on this line segment which would impact economic development opportunities, passenger train expansion and through freight operations.

The Coast Guard is currently undertaking an examination of the eligibility of the UP/BN railroad bridge over the Columbia River for Truman-Hobbs (navigational hazard) funding. The rail bridge swing-span is lined up with the lift span on the I-5 bridges, making it very difficult and hazardous for ships to use the I-5 "high" fixed span section. Using the fixed span section avoids the need for opening the bridge and the resulting delay on I-5.

Analysis: Truman Hobbs is a federal program that funds projects to address rail hazards to navigation. Projects are selected based on the cost benefit of a given investment to the marine and freight rail facilities.

Policy Proposal: The analysis of the cost delay of the UP/BN rail crossing of the Columbia River should be expanded to include the impacts on truck and auto commerce on the I-5 bridge due to lift span operations caused by the RR bridge.

This can be done under existing statutes, but the law should also be changed to allow car/truck delay as part of the consideration. Truman-Hobbs funds are

intended for “in-kind” replacement of navigational hazards but can be contributed toward larger facility upgrading projects such as adding capacity to the UP/BN bridge.

d) Oppose federal preemption of state law regarding weight-mile fees.

Background: Oregon maintains the cost-responsibility of paying for maintenance, preservation and modernization of the road and highway system through the weight-mile fee on commercial trucks. The weight-mile fee is based on the weight of the vehicle, the number of axels and the distance the vehicle travels on Oregon roads. The weight-mile tax is structured to most closely reflect the cost responsibility of trucks relative to the taxes paid by auto users.

Analysis: The national trucking industry has sought to eliminate the weight-mile system at the state and federal level. In the debate leading up to ISTEA and TEA-21 there were efforts to introduce amendments preempting weight-mile taxes on the state level.

Policy Proposal: The federal government should not preempt state authority to establish the most equitable method of assigning and implementing cost responsibility.

e) Multi-State Vehicle Miles Traveled tax demo program.

Background: As the prevalence of electric and hybrid fueled vehicles increases, there is a growing recognition in Oregon and other states that the gasoline tax is becoming a progressively less adequate financial source for surface transportation programs. In the 2001 legislative session Governor Kitzhaber asked for and received legislative approval of a task force to address the future of the gas tax as a source of Oregon highway funding. The Road User Fee Task Force (RUFTF) is preparing findings and recommendations regarding the viability and applicability of alternatives to the gas tax.

Analysis: Higher fuel efficiency and greater use of alternative fuels for autos erodes the ability of the gas tax to meet growing system demand. Although these vehicles continue to contribute to congestion and road damage, they do not contribute to the transportation trust fund in a proportional fashion.

Policy Proposal: Support a federal effort to examine ways a VMT tax or other road user fee system could be implemented at the state or federal level.

f) Maintain ISTEA freeze on Longer Combination Vehicles (LCVs).

Background: ISTEA limited the operation of longer combination vehicles to only those states and those routes that were permitted when the bill became law in

1997. Oregon is one of 16 states that allow the operation of longer combination vehicles on designated routes.

Analysis: A variety of LCV proposals are likely to be introduced during the reauthorization debate, ranging from further limitations on the operation of LCVs to increasing the range and allowable size and weights of LCVs.

LCVs can pose a significant safety hazard if traveling on highways or roads that are not designed to accommodate the longer vehicles. Changes in federal weight limits also pose a threat to the safety and maintenance of state's bridges. The state has a significant interest in maintaining and ensuring the safety of its bridges, roads and highways.

Policy Proposal: Support maintaining the current federal limitations on LCVs in reauthorization.

g) Highway Bridge Replacement and Repair (HBRR) issues.

Background: Current federal rules to determine the allocation of HBRR formula funds to states are based principally on the square footage of bridges. The TEA-21 formula does not recognize the additional cost in preserving and rehabilitating movable (lift span) bridges. The movable Willamette River bridges in Portland and elsewhere in Oregon receive the same funding per square foot as more easily maintained fixed span bridges.

Analysis: Under current formula, Oregon received approximately \$40.2 million in HBRR funds over the first four years of TEA-21, representing approximately 2.7 % of total HBRR funds allocated.

Oregon has 27 heavy movable bridges or approximately 2.3 percent of a national total of approximately 1171 heavy movable bridges. By contrast, Oregon has approximately 7,300 total bridges, about 1.2 percent of the national total for all NHS and non-NHS bridges. Oregon's share of structurally deficient and functionally obsolete bridges is 1 percent of the national total.

It is estimated that the cost to replace or rehabilitate movable bridges is 1.7 times the cost of fixed span bridges.

Policy Proposal: Reauthorization should incorporate a 1.7 times factor in the HBRR formula for lift span bridges.

h) Orphan Highways.

Background: An orphan highway is any aging US designated state highway that's role as a regional highway has been supplanted by the construction of the Interstate Freeway system. These highway links were predominantly built in the

1930's, '40's and 50's. During their primary service years, land uses that located along their lengths were auto oriented in type and function. Many were constructed as rural areas evolved into the first tier of suburban communities, making the leap from farm to market roads to urban highways. Much of the older commercial strips and nodes that were served by these state roads have been deteriorating and the roadways are likewise underutilized.

Analysis: A program of new reconstruction funds for state and local jurisdictions would make rehabilitation of these roadways viable as multi-modal main streets and boulevards. Application of these funds should be on routes where more intensive comprehensive plan land use designations are already in place. So doing will allow these facilities to not only provide an improved transportation asset but also change the face of the community from a land use perspective.

Examples of Candidate Routes: In Portland, many of the state highway routes that traverse the city have auto oriented commercial uses along their length with intermittent commercial nodes. Sandy Boulevard, as an example, serves several miles of northeast and southeast Portland as a four-lane arterial with sidewalks, intermittent on-street parking, left turn bays and good transit service. The street, which is a state highway, serves both local and non-local transportation trips. The Hollywood and Parkrose Districts serve as commercial centers along its length. Both regional and local land use and transportation policy focus on returning this street to its historic character by reconstructing the street with boulevard type standards that serve all modes and encourage property owners to reinvest in urban density land uses.

The state, in partnership with the city, designed and reconstructed a 12-block length of Sandy Boulevard using the more progressive regional boulevard design guidelines. The amenities included rehabilitation of the entire street cross section; addition of bike lanes, planted medians, pedestrian curb extensions, wider sidewalks and left turn refuges. Existing engineering standards were a difficult stumbling block, requiring design exceptions for some of the design's elements. Providing for more flexible design standards in this proposed program would save considerable time, money and negotiation.

Since its completion private property owners have invested in their storefronts or in some cases completely rebuilt on the sites using the more urban land use development regulations. These new developments have changed the character of the street and added vitality to the community. Now folks actually walk across the street rather than drive. The project is the region's showcase of how these once forgotten highway segments can become the jewel of the community. Other state highway segments that could be candidates include; Powell Boulevard, Lombard Street and Barbur Boulevard in Portland.

Policy Proposal: Create a pilot program of not more than \$25 million to be funded out of new federal funds, rather than off the top of the formula program. Candidate projects would be judged based on the following criteria:

- (a) 100% federal funding when the local government agrees to take over maintenance.
- (b) Local government must commit to supportive comprehensive plan and zoning designations that support more intensive, mixed-use development along part or all of the route.
- (c) FHWA should provide for more flexible design standards to achieve the program's design goals.
- (d) The program should be limited to a small number of pilot projects to curb wholesale earmarking and provide financing to the truly worthy projects.

i) Freeway Removal and Reuse

Background: There is some interest in more flexibility for federal highway dollars to remove and reuse highways and interstate freeways if that is the desire of the local community.

This would continue the tradition of ISTEA and TEA-21 in giving greater flexibility to local jurisdictions in deciding the best local solution to their transportation and land use needs. It would allow the use of federal funds in major, community defining decisions such as the removal of the waterfront freeway and construction of Tom McCall Park.

However, given the tremendous unmet needs for maintenance and preservation of the existing highway and freeway network and the perhaps even greater unmet need for modernization, there is some concern for how one can justify using federal funds for the removal of functioning highway and freeway segments.

j) Improved Transportation Security.

Background: Following the terrorist attacks of September 11, Congress created a new Transportation Security Administration and Office of Homeland Security to develop and coordinate a comprehensive national strategy to strengthen against terrorist attacks and protect the Nation's transportation systems to ensure freedom of movement for people and commerce.

Analysis: Among the activities that will be worked on in the coming months with state and local agencies are: Incident management, prevention, and response and recovery. For all of these activities, good communications is critical. Transportation agencies play an important role in responding to incidents and ensuring the free movement of people and goods. In the Portland region, an interagency group has identified a series of Intelligent Transportation System (ITS) improvements that

will enhance the capability of different government agencies to communicate with one another and share information.

Policy Proposal: Federal funding dedicated to improving security should include transportation improvements in Oregon:

- Fully fund the state's ITS initiative, which includes the Portland region's ITS plan providing greater ability for surveillance and response to emergencies.
- Pay for "hardening" and other improvements to bridges or other potentially vulnerable points in the transportation system.

3) Multi-Modal Policy Issues

i) Expanded funding to address endangered species issues.

Background: New restrictions and capital requirements resulting from Endangered Species Act (ESA) designations and other federal natural resource protection requirements are substantially increasing the cost of transportation infrastructure construction and maintenance particularly for bridges. Ditches and culverts are no longer viewed simply as a means of conveying water; they are also water quality facilities and either barriers or facilitators of fish migratory movements. Any improvements made within our public rights-of-way must enhance habitat and water quality. The ESA and Clean Water Act (CWA) provide no funding for the required system improvements.

For example, Clackamas County estimated that there are 975 culverts that are barriers to fish migration and salmon-recovery efforts. Many of these culverts have to be replaced or retrofitted with baffles to slow water flow allowing for passage of all life stages of salmonids. Using an average cost estimated of \$93,000 per culvert replacement, retrofitting all the culverts in the county would cost \$80-90 million.

Analysis: Over 20 federal statutes impose a variety of environmental mandates on the construction, repair, and maintenance activities undertaken within the federal highway system. A 1995 analysis estimated that added costs due to environmental regulation could be 8 to 10 percent of construction expenditures for federal-aid highway projects. While restrictions are less on state and local roads they are nonetheless considerable.

Multiple environmental benefits can be achieved from conforming road and other transportation projects with ESA requirements. These benefits accrue to the community beyond the transportation benefit in the form of cleaner water, reduced flooding, reduced pollution from urban run off, etc. The cost of providing these additional benefits should be shared beyond the transportation resources.

Policy Proposal: TEA-21 reauthorization could provide a new program significantly expand the existing bridge replacement program to address culverts, blocking fish passage or create an add-on to the Public Lands Highway Program for culverts.

b) Funding Allocation Issues.

Background: With the 2000 Census, there will be a significant increase in the urbanized areas of the country receiving formula allocation of federal transportation planning funds. As many as one hundred new MPOs will be designated in the new bill. In Oregon, two additional MPOs are being formed in Medford and Corvallis. The new MPOs will receive allocations of federal STP and CMAQ funds without reducing the allocations to the existing MPOs regardless of overall federal funding levels. However, unless federal funding increases in the reauthorization, transportation planning fund distributions to the new MPOs will reduce the funding available for existing MPOs.

Policy Proposal:

- (a) FHWA Planning funds should be increased from 1- percent take-down to a 2 percent take-down on the categorical programs to reflect the increasing responsibility of MPOs, the increased number of MPOs as a result of population growth and the increased population inside existing MPOs.
- (b) FTA Planning funds should be increased commensurate with population growth inside MPOs.

c) Refocusing of TCSP program.

Background: The Transportation and Community and Systems Preservation Program (TCSP) began as a targeted \$25 million program in TEA-21. It has since been expanded through the earmarking process into \$250 million program that has drifted significantly from its original purpose. TCSP was established to investigate and address the relationships between transportation and community and system preservation and to identify private sector-based initiatives.

Although any project authorized under Title 23 or chapter 53 of Title 49 U.S.C. was made eligible, it was expected that the program would focus on corridor preservation activities necessary to implement transit oriented development plans, traffic calming measures, or other coordinated preservation practices.

Policy Proposal: Recommended changes include:

- (a) FHWA and FTA should continue to develop guidance for projects to be funded through the program.

- (b) Publish "best practices" from funded projects. Congress should increase the authorized level of the program to \$250 million, comparable to the FY 2003 appropriations.
- (c) Tighten up statutory language to ensure grants cannot be awarded unless they demonstrate a supportive land use benefit.
- (d) Require an evaluation of the merits of the proposed projects by the Federal Highway Administration and approve funding based upon an evaluation of "Highly Recommended," "Recommended" or "Not Recommended." This should be designed to ensure good projects are recommended for funding, although in a more streamlined manner that the large multi-year contracts under the New Starts and National Trade Corridor Programs.

d) Statewide and MPO bicycle program that addresses bicycle travel planning, operations and safety.

Background: Enact a required statewide and MPO bicycle program that addresses bicycle travel planning, operations, safety, and capital construction. The program would also require of the highway, transit, rail, and air programs that bicycle plans resulting from this initiative be included in an intermodal connection investment strategy required of all modes. The safety program would address a range of issues from integration of auto and bicycle travel to in-school safety training and identification of safe routes to schools for all grade levels. Funding for this requirement would come, in part, from the highway trust fund and could require coordination between school and transportation authorities.

e) Renew federal support to capitalize State Infrastructure Banks (SIBs), expand flexibility of second-generation funds.

Background: State Infrastructure Banks were authorized in ISTEA as a revolving source of funds for both highway and transit capital improvements. As an original pilot State Infrastructure Bank, Oregon was allowed to capitalize its SIB with federal apportionments. At that time, it was thought that loan funds repaid to the SIB, regardless of source – federal or state – could be reloaned without federal conditions, such as Buy America or Davis-Bacon. TEA-21 altered this. Only four named states are now allowed to capitalize their SIB's with federal funds.

Analysis: The limitations included in TEA-21 have a limiting effect on the size of Oregon's SIB and, by extension, the size of projects the bank can finance at low interest rates.

Policy Proposal: Lift the limitation on SIB capitalization. Consider changes that allow greater flexibility of reloaned funds.

f) Columbia River channel deepening project

Background: The Port of Portland is pursuing a project sponsored by the Corps of Engineers and six Oregon and Washington ports to deepen the Columbia River navigation channel from 40 to 43 feet, subject to the necessary environmental approvals. A deeper navigation channel will enable cargo ships to carry larger, more cost-effective loads, yielding significant transportation savings to thousands of shippers in the Pacific Northwest and elsewhere in the United States. The project also includes several environmental features that will improve the Columbia River's habitat and environmental quality.

Analysis: Although it is not been addressed in the TEA-21 reauthorization bill, the channel-deepening project continues to be an important transportation priority for the region.

Policy Position: Support the channel-deepening project, subject to the necessary environmental approvals.

g) Railroad shared use requirements

Background: Current federal regulations regarding shared use of tracks between freight and passenger rail operations are intended to address safety concerns. However, as currently structured, the regulations pose a significant obstacle to the efficient use of these valuable resources. The Federal Railroad Administration (FRA) model emphasizes train crash standards and prohibitions against operating freight and passenger trains together. Other models for preserving safety while allowing shared use are used in Europe where technology is emphasized.

Analysis: The European approach to track sharing regulations emphasizes improved signaling and braking systems to avoid crashes in the first place. European standards deflect the energy of a crash away from passengers, and emphasize braking systems, block signaling systems, speed limits where appropriate, and crumple zones to allow passenger vehicles to absorb the brunt of an impact while protecting passengers and drivers. In comparison, FRA's vehicle safety standards do not speak to locomotive braking, train signaling systems, or speed limits. New authority is needed to facilitate the rules and procedures for permitting shared use of freight rail tracks by Amtrak and commuter rail projects.

Policy Proposal: Support increased funding for the Section 130 grade separation program to enhance public safety at grade crossings on public highways. Encourage FRA to examine European models of freight/passenger train control and approve pilot projects to demonstrate the technology-based approach.

h) Streetcar Initiatives

Background: Many communities are expressing an interest in small scale rail based transit lines to serve redeveloping central city areas and connect neighborhoods in a way that is very different from regional rail systems. The existing federal assistance program, Federal Transit Section 5309 "New Starts," is oversubscribed and is governed by an extensive review and approval process that is not necessary or appropriate for low cost and non-intrusive urban streetcar lines.

Until the 1950's, many communities had extensive streetcar systems which served to connect neighborhoods to central city employment, shopping and cultural opportunities. As heavy industry migrates from the central city, major opportunities are created to foster the development of new, high-density urban neighborhoods. The creation of additional housing in the central city is a key transportation and economic strategy. By absorbing population growth in the central city, valuable farm and forest lands are preserved, the distances that people must travel for employment and other daily needs are greatly shortened, and the environmentally and fiscally costly expansion of the urban interstate highway system can be avoided.

Streetcar Characteristics: By definition, streetcars operate in existing public rights of way, often co-mingled with other traffic. Unlike regional light rail projects that connect major centers over long distances, streetcars connect redeveloping neighborhoods and major attractions over relatively short distances. Streetcars typically operate at lower speeds with more frequent stops to serve a dense mixed-use environment. For this reason the vehicles rely more heavily on operator control than complex technological systems. The vehicles' size and scale are respectful of the neighborhood settings in which they operate. Installation of a streetcar line is accomplished with minimal reconstruction within existing streets or rights of way.

Analysis: New resources are needed to aid communities in building modern streetcar lines that provide residents and visitors of the central city with a choice in how they move about. For example, a new Portland streetcar line opened in July 2001, demonstrating the ability to capitalize on lower project cost, a minimally disruptive construction process and the opportunity to attract complimentary, mixed-use urban development. The purpose of this proposal is to set forth the context for a new that would assist communities in developing streetcar lines and systems without competing with larger scale, more costly regional fixed guideway projects.

Policy Proposal:

- (a) **New Funding Program:** The region supports the creation of a new streetcar-funding category with added funds. Legislative action to limit the propagation

of regulations from the executive branch, limit to the degree possible and responsible NEPA requirements through an umbrella categorical exclusion, authorization for the Secretary to execute full funding grant agreements and such other changes in existing code and regulation as may be required to implement this program.

- (b) Project Evaluation Criteria: A new set of project evaluation criteria should be established that is more appropriate to streetcar projects.

Projects should be reviewed solely against the following standards:

- Streetcar projects are intended to be economical and the maximum federal participation should be limited to \$50 million.
- Project sponsors may be transit properties or other units of local general-purpose government.
- The maximum federal share should be limited fifty percent of total project cost. In addition, streetcar projects should require the financial participation in project construction of the owners of real property abutting the alignment excluding owner occupied residential properties. Property owner participation should be required to ensure that the project recovers a portion of enhanced property values. Property owner participation should have a floor of 10% of construction cost.
- Streetcar projects should demonstrate the availability of development/redevelopment opportunities and complimentary land use policies in close proximity to the alignment. Projects must demonstrate that property zoned to accommodate mixed-use development is available adjacent the alignment.
- Streetcar projects should demonstrate how redeveloping or new neighborhoods on vacant or underutilized land will be connected to each other or major attractors in the central city and with major regional transit services.
- Project sponsors must provide a detailed operating plan including frequency of service, hours of operation, and stop locations and demonstrate the financial capacity to operate the line.
- Create under the Federal Housing Act authority for the Department of Housing and Urban Development to contract with urban communities to fund the construction of urban fixed guideways that support the development of housing and the re-development of housing in urban areas by the use of streetcar technology.
- The projects approved for HUD funding would be ranked according to their support of urban densities and other urban livability criteria. They would not be expected to meet traditional ridership thresholds suggested by USDOT-FTA standards. These projects would be eligible to receive up to \$25 million in FTA Sec. 5309 New Start construction funds regardless of the level of HUD

support. They would not be required to meet DOT New Start criteria, and would be exempt from DOT ranking.

4) Technical Issues.

a) Shift PMO funding to FTA wide rather than on project-by-project basis.

Currently Project Management Oversight, FTAs mandated outside project review consultant, is paid out of project appropriations. Often this means that projects receive less funding than expected based on the congressional appropriation for a given year. This can cause troubling adjustments in budget, expenditure and borrowing. PMO work supports the oversight function of and mandate of the FTA and should be funded out of the agency's budget rather than project-by-project.

b) Buy America.

Instead of having the Transit Agencies certify that the products that they meet Buy America, the Bus/Rail manufacturers could certify that the product that they sell meets Buy America. Each manufacturer does the initial work any way, so having the Transit Agency be responsible for certification makes little sense and costs the federal government a lot of money as each transit agency buying vehicles must audit and do the work for the certification. It is mostly the pre-award audit that is costly to the Transit Agencies - the post award, including buy inspections, makes sense for the transit agency to perform from a quality control perspective.

c) Review of 12-year life for buses.

Currently, FTA prohibits using federal funds to replace buses less than 12 years old. This requirement does not recognize evolving technology nor does it take into consideration the use of the bus during the 12 years.

When a transit agency tries to participate in forwarding new technology, often the first generation of that technology does not produce the results necessary to maintain operations. Our LNG fleet is good examples. These are 1st Generation LNG buses, which after 8-9 years do not run and we have been unable to get replacement parts as the technology as evolved. They are still listed as 12-year buses and unless we get a waiver from the FTA for both the 12-year life and the pay back for short life, we are on the line for a lot of money to go back to the FTA. This discourages transit agencies from participating in new technology.

Different operating environments age buses in different ways. A small transit agency may only run a bus 25,000 miles per year, 8 hours per day, 5 days per week. We run buses 50,000 miles per year, 20 hours a day, 7 days per week.

A more accurate bus life measure would be miles, or hours - or any measure that took in account actual use.

d) Excess property.

On projects, other than Westside Light Rail, for which Tri-Met was given a blanket permission to sell excess property, agencies usually have to go through a lengthy Federal process to dispose of unneeded property acquired with federal funds. FTA requires that property be posted for acquisition first by other federal agencies, then by other public agencies. The process can take up to a year.

e) FTA concurrence.

Transit agencies are required to get FTA concurrence on the purchase of property over \$250,000; that which is \$50,000 more than appraisal and anytime condemnation is used. All of this takes a great deal of time. FTA will sometimes allow larger transit districts to purchase property without agency concurrence, however the decision is optional and the threshold uncertain. FTA should allow those properties with FFGAs to exercise this discretion on their own since these properties are already under considerable scrutiny by FTA and PMO.

f) FTA oversight.

Oversight could be streamlined. Now we have:

- PMO - project management oversight
- FMO - financial management oversight
- PMO - procurement management oversight
- Rail State Safety (and Security) Oversight
- Triennial Reviews

All the above derive out of the same basic 22 or so FTA certification requirements, but transit agencies are subjected to different audits and different audit teams at different times. So it would be less onerous if FTA consolidated the oversight audits, audit teams, and rationalized the schedule/periodicity and relationship among the oversight reviews. At a minimum there could be 3 teams: PMO (project), State Rail Safety, and Triennial. The first two would be continuing and the latter every 3 years.

g) OMB leveling the playing field.

Many of the differences between FTA and FHWA are rooted in the OMB circulars regarding the differences in the clients served. FHWA primarily deals with states that are considered to have their own constitutional authority and established procedures regarding financial and legal accountability.

Transit agencies, cities, and metropolitan areas have lesser status in the view of OMB, largely deriving their authority from states.

OMB requires more scrutiny by the federal departments administering funds to subdivisions of a state. Reducing oversight where it is not needed, such as where jurisdictions can show a consistent record of sound management of federal funds, would reduce costs and unnecessary delay in project implementation.

Regional Discussion Draft
Reauthorization of the
Transportation Equity Act for the 21st Century
(TEA-21)
Portland, Oregon
May 30, 2002

ERRATA SHEET

v) Additional funding for New Starts.

Background: Since the construction of the original eastside MAX light rail project, the Portland region has received more than \$1 billion in New Starts funding. The region has become a national model for using the development of light rail projects to respond to growth, congestion and regional land use and development goals.

Our success has spurred other communities to pursue light rail initiatives of their own. Currently there are 11 projects in Final Design and 39 in Preliminary Engineering. The projects will likely seek a total of \$21.1 billion in TEA-21 authority.

The national growth in proposed new starts projects has raised congressional attention and support for the program. TEA-21 increased the authorized funding available for the New Starts program from \$760 million in FY1998 to \$1.2 billion in FY2003.

Analysis: While funding has increased, the new starts program is under intense pressure to respond to a growing number of candidate projects across the country. The most optimistic assumptions for the program call for spending approximately \$10 billion over the next authorization period. It is a very high priority for the region that the New Starts program remain and increase in funding level.

Current regional priorities for funding from the New Starts Program are:

- to complete appropriations toward the FFGA for Interstate MAX;
- execute an FFGA for Wilsonville to Beaverton Commuter Rail and complete appropriations;
- obtain authorization for the South Corridor project, execute an FFGA and complete appropriations.

Taking a longer-term view, future priorities for New Start funding need to be sorted out. Based upon past funding actions of JPACT, consideration should be given to:

- beginning the Clark County loop connecting Interstate MAX and airport MAX;
- the downtown Portland Transit Mall alignment for MAX;
- extension of the Portland Streetcar into North Macadam and along the Willamette Shore route to Lake Oswego.

~~The region is currently contemplating a number of rail and bus projects, including South Corridor, Wilsonville to Beaverton Commuter Rail, and the Clark Co. Light~~

Regional Discussion Draft
Reauthorization of the
Transportation Equity Act for the 21st Century
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ERRATA SHEET

~~Rail Loop that could, along with the completion of the Interstate MAX project, require as much as \$450 million of federal new start funds during the next authorization project.~~

Policy Proposal: Support a significant increase in federal new starts funding to respond to the national demand for new starts projects and to enable the region to pursue its anticipated fixed guideway initiatives. Any increase in funding for the transit program should concentrate on the new starts program. Increased funding could come from sources noted above. Maintain current non-federal match requirements in statute and FTA flexibility in applying match requirements.

JPACT Members and Alternates

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